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THURSDAY, SEPTEMBER 21, 1944



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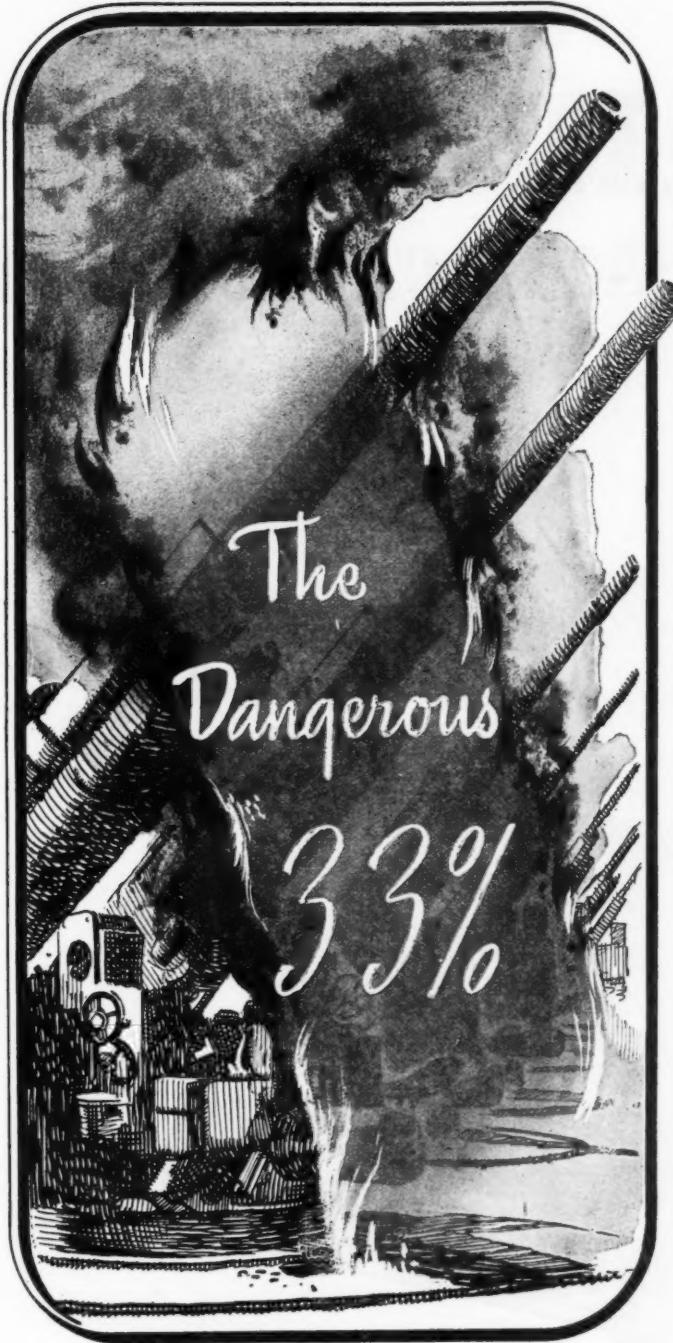
# MARINE OFFICE of AMERICA

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NEW YORK

ALL CLASSES OF OCEAN AND INLAND MARINE INSURANCE

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33%

## If you built GUNS

You would never think of making guns and omitting 33% of those guns from the production line.

Yet Fire Insurance buyers often omit a large part of the coverage when they buy insurance. Here is one who omitted 33% when he bought fire insurance protection.

Sell adequate coverage. You'll serve your clients well . . . and you'll make more money.

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This client risks 33% of total value,  
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Some months in some years are peak periods for this type of business. The present is such a period. Now is the time to solicit the candidates for the many offices that will be filled in November. We are prepared to handle this business for producers.

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SEPTEMBER 21, 1944

48th Year. No. 38

## Senate Committee O K's Bailey Bill by Vote of 11 to 6

**Rejects Plea to Wait for  
Commissioners' Report—  
Await Senate Action**

WASHINGTON—Judiciary committee reports on the state's right bill were submitted to the Senate Wednesday by McCarran for the majority and O'Mahoney for the minority. The majority report followed generally along lines of the House committee report on the Walter bill.

WASHINGTON—The Bailey states rights insurance bill was favorably recommended by the Senate judiciary committee Monday by a vote of 11 to 6. The bill was ordered reported without amendment and Chairman McCarran indicated the report would be submitted to the Senate within a day or two.

At the same time, McCarran said that the bill should not be considered in the Senate until after the Congressional recess soon to begin, because it would require unanimous consent to get it up on the floor and that he did not expect it can be taken up in the Senate before Nov. 15. McCarran goes to Nevada Saturday.

Passage of the bill, in view of the committee action, seems to Washington observers not unlikely, although its final enactment into law seems doubtful.

Political development No. 1 could be, it is believed, a veto of the bill by President Roosevelt, if he is reelected, in case it is passed after the election. A second development, it is believed, may be that if Dewey is elected, the bill would not be pressed because Dewey and Republican leaders would presumably prefer a program of their own. In that case, action would probably be delayed until after the new administration and congress comes in next January, it is believed.

### Danaher Makes Motion

The judiciary committee action was taken on motion of Senator Danaher, Connecticut. Those voting for it were Senators McCarran, Connally, Chandler, Danaher, Wiley, Andrews, Eastland, Ferguson, Revercomb, Wherry, and Bushfield.

The negative votes were cast by Senators Hatch, O'Mahoney, Kilgore, Murdock, Wheeler, Langer.

The vote of Senator McFarland remained to be polled.

O'Mahoney had previously moved to defer action until the insurance commissioners have been heard from, and particularly until after their meeting in Chicago Sept. 29-30. This proposal was, in effect, supported by a letter from Commissioner Harrington of Massachusetts, chairman of the joint committee of commissioners and industry representatives that is charged with advancing the proposals included in the report of the Graves committee on federal legislation, and a telegram from Philip Baldwin, secretary National Association of Mutual Insurance Agents.

Harrington's letter set forth the commissioners' point of view. It told of their efforts in studying the insurance situation and to arrive at an agreement which, it was indicated, was substantially embodied in the four recommendations emanating from the N. A. I. C.

## Pa. Agents Elect White President Ask for Simpler Casualty Policies at Harrisburg Convention

### NEW OFFICERS ELECTED

**President**—Morton V. V. White, Allentown.

**Vice-presidents**—Daniel F. Ancona, Jr., Reading, and Howell L. James, Erie.

**Treasurer**—C. M. Thumma, Harrisburg.

**Secretary-manager**—Frank D. Moses, Harrisburg.

**Assistant secretary**—Mrs. Margaret H. Suder, Harrisburg.

**New directors**—Wm. M. Conner, Erie; Stanley Cowman, Philadelphia; Loy H. Patterson, New Castle, and E. L. Stenauer, Wilkes-Barre.

**State national director**—Herman D. Wolff, Easton.

HARRISBURG, PA.—Although because of the war the annual convention of the Pennsylvania Association of Insurance Agents was substantially abbreviated, almost twice as many attended as were anticipated.

Morton V. V. White of Allentown was elected president to succeed J. F. Morgan, Lewistown.

One of the meeting's attractions was the discussion of the recent reduction in dwelling fire rates and broadening of coverage which, although recognized by agents as an opportunity for serving assured, has created much additional work for agents under difficult circumstances and at increased expense.

### Seek Relief on Fire Cut

This topic, together with suggested future reductions in other lines, has caused the agents much concern. The association adopted a resolution urging members to proceed voluntarily and promptly to transmit the benefits of reduced rates and broader coverage to the public, but another resolution refers to a special committee numerous recommendations intended to improve application of the new rates and rules.

The association also adopted a resolution for transmittal to the National association urging that casualty policy wording be clarified and simplified.

The state organization had been negotiating with the insurance department to get the personal property floater approved by the time of the meeting. However, unexpected difficulties have arisen which may delay action until the first of the year.

### Talks Are Well Received

The talk of W. Ray Thomas, Pittsburgh, vice-president of the National association, was extremely well received, and a resolution was adopted in which the association commended Mr. Thomas' effective work on behalf of the agents of the country. Wallace Rodgers of the

He referred to the insurance industry being invited to join in supporting the program and suggested that action on the Bailey bill be deferred until after the Chicago meeting the end of this month.

(CONTINUED ON PAGE 17)

## August Fire Loss Up 5%, Increase 13.3% for Year

NEW YORK—August fire losses totaled \$30,618,000, an increase of \$1,425,000 or 5% over August, 1943, according to the National Board. The August total showed an improvement of 6% as compared to July when losses totaled \$32,706,000 or \$2,088,000 more than in August, the highest July total since 1932. Losses for the first eight months total \$277,376,000 compared to \$244,723,000 in 1943, an increase of \$32,653,000 or 13.3%, and \$211,172,000 in 1942, a 31.4% increase. Losses in the 12 months ending Aug. 31, are estimated at \$412,888,000 as compared with \$348,400,000 the previous year. Comparative losses by months follow:

### Summary Presented

	1942	1943	1944
Jan.	\$ 35,565,000	\$ 27,733,000	\$ 38,572,000
Feb.	30,819,000	33,175,000	38,280,000
Mar.	30,505,000	39,214,000	39,084,000
Apr.	27,960,000	34,241,000	34,746,000
May	23,233,000	29,297,000	32,815,000
June	22,410,000	26,854,000	30,555,000
July	21,000,000	25,016,000	32,706,000
Aug.	19,680,000	29,193,000	30,618,000
Tot.	\$211,172,000	\$244,723,000	\$277,376,000

National association made a real hit. The annual get together dinner preceding the director's meeting was attended by Secretary Judge Miller of the National association.

Mr. White, the new president, has been in insurance about 20 years. Prior to entering the agency business he was a company underwriter and special agent. He is a past president of the Lehigh Insurance Exchange and has served on numerous state committees. Members of the past presidents' council were all reelected.

## Insurer Spends \$1,500 to Recover Lost Bracelet

DETROIT—The trouble and expense to which an insurance company must sometimes go in order to make good on inland marine risks was emphasized recently when Mrs. Earl D. Miller, wife of a prominent jeweler, lost a \$10,000 bracelet down a drain on the Millers' 38-foot cabin cruiser docked at the Detroit Yacht Club. Washing her hands, she placed the bracelet on the rim of the wash basin and discovered that it was missing after she had dried her hands. She notified the broker who placed the coverage, R. P. Neesley, who in turn advised Guy Egbert, manager of Appleton & Cox, marine underwriters of North River, which has the risk.

### Bottom Is Dredged

Another bracelet of similar size, dropped into the same drain, went through and dropped to the bottom. Mr. Egbert then engaged boys to dive into the shallow water near the dock, without results. Later a diver with full equipment spent two days combing the bottom. Then a small dredge was obtained to suck up the mud and sand from the bottom and sift it; later a larger dredge removed and sifted the entire bottom for yards around the vessel's position at the time of the loss.

Finally as a last resort, Mrs. Miller's original suggestion was adopted. The cruiser was moved to a shipyard and plumbing torn out, disclosing the valuable trinket lodged firmly in the drain. No one can figure how the other bracelet got past it, but it did. The entire operation cost the North River about \$1,500.

## Northeastern Storm Losses Still Can't Be Estimated

**F.C.A.B. Estimates 15,000  
Claims—Factory Mutuals  
Put Losses at \$750,000**

NEW YORK—Damage done by the storm which hit the northeastern seaboard last Thursday night is currently estimated at around \$110 million, additional reports from New England and New Jersey areas previously cut off from communication having boosted earlier estimates of \$30 million to \$50 million.

Even by the middle of this week no accurate estimate of the insured damage was possible. The Fire Companies' Adjustment Bureau has set up a tentative estimate of 15,000 insurance claims but this is subject to extensive modification either up or down. Until more claims come in than have already been received it is not possible to give an average loss figure that means anything.

### Far Less Than 1938 Storm

Even though total damage should run as high as \$110 million, last week's storm damage will not approach that done in the 1938 hurricane where the loss, mostly in New England, was around \$300 million. However, it appears that damage to New Jersey shore communities was much more severe than in the 1938 storm.

Insurance company losses paid in the 1938 hurricane were about \$10 million, excluding auto and ocean marine but loss men warned against using this as a yardstick in trying to estimate what last week's storm claims will total. Very little windstorm coverage was carried in this area and New England in 1938 but nearly all New England property is insured now. One agency on Cape Cod that had less than half a dozen windstorm claims in the 1938 storm has now between 300 and 400. The factory mutuals made a rough estimate of \$750,000 as their loss in the current storm. They paid nearly \$6,000,000 in 1938.

Another consideration is that regardless of lessons learned in 1938 insurance buyers have become far more extended-coverage conscious. Incidentally, after the radio carried weather bureau warnings Thursday morning of the approach of a serious storm many brokers and agents got busy on the telephone and sold extended coverage to many of their customers who did not have it. Most of the companies accepted this business, even though the storm was imminent, though at least one refused to take it.

### Water or Wind?

A factor complicating any attempted estimate of insurance losses is the fact that a far greater proportion of the storm damage was along the seashore than was true in the 1938 blow. This will bring up many questions and controversies as to whether the damage was done by abnormally high tides and mountainous waves or solely by the force of the wind.

The storm hit the coast at Wilmington, N. C., but wind velocities were only around 20 miles per hour and it was not until the neighborhood of Beaufort and Morehead City that the destruction

(CONTINUED ON PAGE 35)

## Skeleton Program of Annual Meeting

### National Association of Insurance Agents' Schedule Given

The program is announced for the annual meeting of the National Association of Insurance Agents at the Schroeder Hotel, Milwaukee, Oct. 7-11:

Saturday, Oct. 7, executive committee meets.

Sunday, Oct. 8, 2 p. m., National Board of State Directors; evening, committees. Monday, Oct. 9, 9 a. m., territorial conferences, East, Middle West, South, Pacific Coast.

10 a. m., Wisconsin association meeting. Noon, luncheon, Wisconsin association. 2:30 p. m., general session.

Late afternoon, state directors—nominations.

Evening, National Board of State Directors.

Tuesday, Oct. 10, morning, National State Directors. 2:30 p. m., general session.

Evening, dinner. Wednesday, 9 a. m., state directors, resolutions.

Group sessions—probably three. Afternoon, general session. Evening, state directors.

## Farm Scholarship Plan Achieves Unusual Success

The Farm Underwriters Association is sponsoring for the sixth year, 1944-45, its award of 66 scholarships of \$100 and \$150 to farm youth in 15 midwest states. Up to the present approximately 400 families have been benefited by the awards.

One of the key qualifications for earning a scholarship is farm fire prevention work, and E. W. Born, secretary of the association, states that there have been wide participation and an impressive interest in that activity. Farm youths not only check up on their own but on neighboring farms for the storage of gasoline, electrical hazards, and other farm fire situations.

### Improves Relations

The scholarships have been of great value in establishing friendly relations between the companies and the farm people, particularly the youths who are members of the participating organization, 4-H Clubs, Future Farmers of America, and Rural Scouts. The leaders in those organizations, in Washington and in the field, have given the scholarship plan splendid support. The association has received a great many letters from children and parents expressing appreciation for the scholarship awards.

### Moodie Becomes Marine Manager

The Pacific Coast department of Fire Association group has appointed D. E. Moodie marine manager, C. H. LaBare having resigned. Mr. Moodie goes from the Philadelphia head office, where he was marine agency supervisor.

He has had more than 25 years marine insurance experience. He started with Appleton & Cox in New York in 1918 and was transferred to Atlanta in 1924 as southeastern manager of that organization. In 1938 he resigned to join the North British southeastern marine department, going with Fire Association in 1940.

### Insurance Courses at Ohio State

Classes in personal insurance, casualty and surety, fire and marine insurance will be given at the twilight school conducted this fall and winter at Ohio State University under the direction of Prof. J. Wayne Ley.

## Ray Duboc in 25th Year as Head of Western Companies

This month President Ray B. Duboc of Western Casualty & Surety and Western Fire of Fort Scott, Kan., marks his 25th year with the organization. Also, in a couple of months, he and Mrs. Duboc will celebrate their silver wedding anniversary. In recognition of the two anniversaries, employees of the companies presented Mr. and Mrs. Duboc with a handsome silver tray. A campaign for new business is being conducted to honor Mr. Duboc.



RAY B. DUBOC

and September new business is expected to reach \$250,000.

Mr. Duboc joined the organization immediately after his return from France where he served as a lieutenant. He was in charge of the claims department under Oscar Rice, then secretary of Western Automobile, and after the death of Mr. Rice, assumed the responsibility of management. It was under his leadership that the present capital stock companies were organized.

At Dec. 31, 1919, Western had total assets of \$334,784, compared with present consolidated assets of the two Western companies in excess of \$7,700,000. The reserve for losses in 1919 was \$56,960. Present reserve for losses exceeds \$3,000,000. The reserve for unearned premiums has grown from \$127,882 to \$2,350,000 and the surplus to policyholders from \$135,336 to \$1,650,000.

A question and answer session was held by the Insurance Accountants Association of San Francisco on Sept. 21.

At Evansville, Ind., Maurice Anderson has formed an agency under the name of Consolidated Service Company.

### Confusion Arises as to Thanksgiving Day

There is much confusion this year in consulting calendars as to when Thanksgiving Day actually will take place. Evidently a number of calendars were printed ahead of time. About 50% show Thanksgiving Day this year Nov. 23 and the other half Nov. 30. So far as The National Underwriter is able to ascertain, Nov. 23 is the official day. There may be some state laws that set the last Thursday of the month as Thanksgiving. In such a case that day will be observed in those states but the National Thanksgiving Day will be Nov. 23.

## Producer-Insurer Group to Continue Consultations

NEW YORK—A committee consisting of Insurance Executives Association trustees and another of producers, representing the National Association of Insurance Agents, Ohio Association of Local Agents of the City of New York and National Association of Casualty & Surety Agents, met here to consider means of consulting from time to time on matters of common interest. The committees will continue as a discussion group to consider broad questions affecting their relations with each other and with the public, and from time to time suitable subcommittees will consider specific matters of national, regional, or local interest.

### Others in Attendance

B. M. Culver, president of America Fore, was in charge of the meeting here. Other company executives present were: H. V. Smith, president and Ivan Escott, vice-president of Home; G. C. Long, Jr., vice-president of Phoenix of Hartford; F. W. Koeckert, U. S. manager of Commercial Union; H. C. Conley, manager Royal-L & L & G.; Esmond Ewing, vice-president of Travelers Fire; C. S. Kremer, president Hartford Fire; J. F. Crafts, vice-president Fireman's Fund; E. L. Williams, president Insurance Executives Association.

The producers present were: Fred A. Moreton, president National Association of Insurance Agents; S. L. Johnson, president American Association of Insurance General Agents; John E. O'Neill, National Association of Casualty & Surety Agents; C. G. Hale, Ohio Association of Insurance Agents; A. J. Smith, Association of Local Agents of the City of New York; W. Ray Thomas, vice-president; Hunter Brown, Guy T. Warfield, Jr., and Alvin S. Keys, members of executive committee of the National Association of Insurance Agents.

## WDC Work Handled at Loss; Repayment Plan Is Awaited

NEW YORK—With new war damage premiums reduced to almost nothing, companies are awaiting word from the War Damage Corporation as to the procedure to be followed in collecting their cost of handling operations on existing WDC business. Some companies are already in the red as respects this business and many more will probably be before WDC business is all off the books. No specified procedure was given, at the time the WDC plan was set up, to cover this contingency.

As fiduciary agents the fire companies were entitled to about 3 1/2% of premiums, subject to a minimum of \$1 per policy and a maximum of \$700. Any excess above actual cost of handling the business however was to be returned to the corporation. There have been two calls on the companies to pay over these excess amounts. Both times the WDC allowed the companies to take into account their estimated expenses for the ensuing couple of months. However, beyond the period covered by the estimate expenses have continued in excess of the 3 1/2% allowance. Most of the work is changes of address, and issuing endorsements of one form or another. Cost of handling the work is based on records of time spent by employees on WDC work.

### Alabama State Risk Reinsured

BIRMINGHAM—The Alabama state insurance fund, which carries \$55,000,000 of coverage on state properties, has reinsured \$27,000,000 of the risk with a number of companies represented by 300 agents scattered over the state. The re-insurance premium for the 1944-45 fiscal year is \$212,000 or \$506.05 for each agent participating. The state has reinsured a portion of the risk ever since the fund was established 25 years ago.

## May Make Small Profit on Hail

### Volume Will Exceed \$27 Million: Losses Will Go Over 65%

Crop hail insurers expect to come out slightly better in 1944 than they did in 1943, when only a few made a profit. Premiums, it is estimated, will total a record, around \$27 million. This compares with a \$20 1/2 million volume in 1943 and a loss ratio of 71.5, and the over-all loss ratio will be between 65 and 70.

With the exception of Iowa, where practically all of the companies took a whipping as a result of storms in north and northwest sections, the so-called Chicago states will turn in a good account of themselves this year. North Dakota was not particularly good, but South Dakota and Minnesota both were profitable. Kansas and Oklahoma had a satisfactory experience, as did Texas, but Nebraska was close to the line between profit and loss. Hail storms in Colorado came too late to cost the insurers an appreciable amount, and that state is in the profit column.

### Hit in California, Canada

One of the worst setbacks the companies got this year was in Montana, where heavy storms close to harvest time cost the companies more than 100% of premiums. California experience was bad, mostly on fruit. This was unusual because there ordinarily is little hail in the state, and considerable coverage was written this year largely because of the deductibility of cost for the tax purposes. In Canada the companies are in the red, although there is not an extremely large volume of business exposed.

In the southeast the tobacco crop in the Carolinas suffered extensive damage, most of it from wind. However, in recent years the companies have been writing a policy in that territory which pays for wind damage to tobacco where there is 1% or more of hail damage. Other sections in the southeast fared better.

Most liability now has expired, except for soybeans, on which the companies this year wrote a record volume of business.

The large increase in premiums this year will give the companies, particularly those writing the largest volume, some saving in their expense ratio, which will help some when they finally compute the dollar profit or loss.

## \$500,000 Loss in Midwest Fires

Fire, believed to have been caused by friction, destroyed the one-story, block-square building of the Williams Roofing Co., North Kansas City, and its contents. Insurance is \$300,000, about \$35,000 of it on the building, and the loss will be total. Although the building was equipped with a sprinkler system, the pressure was insufficient to halt the flames.

The Cuyahoga Soap Co., 808 Danison avenue, Cleveland, was badly damaged by fire. The loss to insurers will run about \$125,000.

The insurance loss caused by fire damage to the building and contents of the National Foundry & Machine Co., 7901 Alabama avenue, St. Louis, will run approximately \$75,000. The fire was caused by molten metal splashing against the wooden walls of the building. It was intensified by some scrap magnesium stored outside the plant.

R. W. Smith, for 18 years with the Capitol Savings & Loan Association, Detroit, has opened a local agency in the Detroit Bank building.

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# Put End to Legal Liability Cover for War Contractors

## Loss from Insurable Hazards on U. S. Property Assumed by Government

WASHINGTON — Pointing to the well established government policy of self-insuring against loss or damage risks concerning its properties, the War Department has announced as implementing this policy inclusion in its lump sum or unit price contracts of a provision relieving contractors from liability for government-owned property furnished for use under such contracts.

These contracts now include an article on "Liability for Government-Owned Property," reading in part as follows:

(a)—the contractor shall not be liable for loss or destruction of or damage to property of the government in the possession or control of the contractor in connection with this contract (hereinafter called "government property") (1) caused by any peril while the property is in transit off the contractor's premises, or (2) caused by any of the following perils while the property is on the contractor's or subcontractor's or other premises or by removal therefrom because of any of the following perils:

Fire; lightning; windstorm; cyclone; tornado; hail; explosion; riot; riot attending a strike; civil commotion; vandalism and malicious mischief; aircraft or objects falling therefrom; vehicles running on land or tracks, excluding vehicles owned or operated by the contractor; or any agent or employee of the contractor; smoke; sprinkler leakage; earthquake or volcanic eruption; flood; meaning thereby rising of rivers or streams; enemy attack or any action taken by the military, naval or air forces of the United States in resisting enemy attack.

The perils as set forth in (1) and (2) above are hereinafter called "excepted perils."

(b) The contractor represents that it is not maintaining and agrees that it will not hereafter maintain insurance (including self-insurance funds or reserves) covering loss or destruction of or damage to government property caused by any excepted peril, and represents that it is not including and agrees that it will not hereafter include in any price to the government any charge or reserve for such insurance.

The War Department "has property valued at many billions of dollars in the care, custody or control of contractors," it was stated in announcement of the above provision. It was added that the War Department desires, with respect to government property, "to eliminate the contractor's need for direct damage coverage as well as legal liability insurance against loss or damage caused by 'excepted perils.'

In that connection attention was called to the following extract from War Department procurement regulations:

"The contract articles referred to are intended to put the contractor in the same position he would occupy if he obtained commercial insurance policies providing broad coverage against the 'excepted perils' set forth in the contract article. In view of the protection thus afforded to the contractor by the government in lieu of commercial insurance, the contractor has no liability for loss or destruction of or damage to government-owned property caused by any 'excepted peril' against which he may obtain commercial insurance, and the contractor is in fact required by the contract article to make the express representation (among others) that he is not maintaining and will not maintain insurance (including self-insurance funds or reserves) covering such liability."

It is understood that the War Department insurance division headed by

## Market for V-Day Cover

In view of the interest that has been aroused on the part of the public and in insurance circles by the possibility of damage being done to property in celebrations when news of an armistice is flashed, the advertisement by R. N. Crawford & Co. of Chicago in this week's edition of a market for insurance covering such peril will catch considerable attention. Mr. Crawford was informed by C. E. Heath & Co. that a limited market in London is prepared to consider the granting of coverage (other than in respect of night clubs, saloons or drug stores) which would cover damage to buildings and/or contents resulting from public reaction following notice of an armistice, whether false or otherwise.

Rates are quoted for contracts with 10, 20 and 50% coinsurance and have been formulated on risks having a total value of \$1 million or less.

No policy will be issued for a longer period than 12 months and each insurance will be subject to a deductible of one-half of 1% of the insured value during any one period of 48 hours with a minimum deductible of \$50.

## Coal Bridge Loss at Green Bay Set at \$200,000

The loss to the movable coal handling bridge of the C. Reiss Coal Co., at Green Bay, Wis., in the storm of Aug. 15, is now estimated at more than \$200,000. It was a constructive total loss. Considerable other windstorm damage was done in Green Bay at the same time. The Reiss Coal Co. has its headquarters at Sheboygan, Wis. The brokers are Convers, Goddard & Co. of Minneapolis and Chicago that specialize in the insuring of such risks around the Great Lakes.

This is the second serious loss to such equipment in the past year. Last November the National Tube Company suffered a very serious loss at Lorain, O., which may amount to nearly \$1,000,000.

## Warning on Reconversion Losses

With the hustle and bustle of the change to peacetime production another wave of commercial and industrial fires is anticipated, the "A.D.T. Transmitter" points out. In their anxiety to get underway at least as rapidly as their competitors, a good many manufacturers are going to forget some of the fundamentals of fire protection just as they did when war production got under way.

During the first lap of the big race for peacetime markets, the penalty is going to be unusually high for those who get off to a false start with a fire loss. There is apt to be a lowering of protective vigilance as a result of the psychological let-down from the war tempo.

Col. Reese Hill has been instrumental in arranging the matter.

During the war period insurers and government contractors have been confronted with numerous problems because of uncertainty as to the contractor's liability. Although contracts usually specified that the contractor should not be responsible for fire and other insurable loss and even that insurance might not constitute an element of cost in the contract, the contractor was still held accountable for losses due to his fault or negligence. Many such contractors desired to purchase legal liability insurance under the circumstances and sought to get such cover at a reduced rate. Some of the insurers were disinclined to make a discount in the rate on the theory that almost any loss could be charged to negligence and that if the government knew the contractor were insured it might seek always to establish the loss to fall on the insurers. However, a good deal of such insurance was placed at a 50% rate.

## Port Chicago Relief Bill Signed — New Reimbursement Plan

WASHINGTON — The Port Chicago relief bill has been signed by the President. It authorizes payment up to \$3,000 in settlement of any approved claim for death, disability or property damage, on account of the munition ship explosion.

### INSURER REIMBURSEMENT

SAN FRANCISCO — A working agreement and procedure has been developed between the Fire Companies Adjustment Bureau and the Naval Board of Investigation on the recent Port Chicago disaster to eliminate the difficulties and assure reimbursement to the companies on claims paid.

Thornton & Taylor, a legal firm, has been retained to assist in harmoniously completing the arrangements, resulting from the gap between claimants having insurance coverage and those not carrying insurance. In many instances it was revealed that claimants, having completed their proofs of loss with the insurance companies, had failed to file claims with the navy.

The F.C.A.B. in a report emphasizes that the navy will not accept claims signed by an insurance company as claimant. It will not accept claims signed by an insurance company as attorney in fact for a claimant. In order to secure payment, the address of the claimant (assured) should be given in care of the insurance company and including his address. As to claims already filed where the loss has been adjusted, the form of notice and request to the naval board should be signed in order that the check may be sent in care of the insurance company.

### Special Form

It was agreed that a special form, prepared and approved by the navy board, would be acceptable and that, to facilitate handling and eliminate duplication of effort, on those files on which the naval board had received copies of closing papers, proof of loss, loan receipt and the details, an executive of the F.C.A.B. would have access to the files for the purpose of ascertaining whether or not the claimants had filed the proper naval form. The naval board will stamp these cards, after reference to the file, indicating whether the claimant has filed the required form of claim and the amount, returning it as a record for the insurance company. This will be informative to the insurance company that the claim is in order.

A special power of attorney has been granted for the collection of checks drawn on the Treasurer of the U. S. and a letter will be sent by companies to the naval board on each claim, requesting that the check for settlement of claim accepted by the navy be addressed to the claimant in care of the company.

## National Board Cites V-Day Fire Precautions

The National Board has issued a bulletin to fire chiefs giving recommendations for precautions to safeguard life and property on "V-Day." It is urged that conditions in offices, stores, factories and homes that might cause a fire be properly cared for before leaving. Fire brigades and units in buildings might well be charged with the duty of maintaining fire watch after other employees have left. Every effort should be made to prevent false fire alarms. In some cities off-duty firemen or auxiliary firemen are to be assigned as watchers at fire alarm boxes. An effort should be made to prevent bonfires and traffic obstruction should be prevented. Children should be urged to keep out of crowds.

## Full Court or Suspend Decision, 38 States Ask

### N. Y. Files Separately; 39 Attorneys-General Ask SEUA Rehearing

WASHINGTON — Thirty-nine states have petitioned the United States Supreme Court to grant a rehearing of the Southeastern Underwriters Association case. Thirty-eight attorneys-general signed a joint petition, while Attorney-general Goldstein of New York filed a separate petition.

The 38 states which joined in a single petition are: Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia; West Virginia and Wisconsin.

### Number Is Significant

While the joint petition is a lucid and cogent argument for granting a rehearing, the fact that in a presidential election year 38 states could get together on so strongly worded a plea is of greater significance than any of the arguments in the petition itself. It is believed to be the first time that the states have been so aroused about any Supreme Court decision since *Chisholm v. Georgia* (2 Dall. 419) handed down in 1793 which said that a state may be sued in the Supreme Court by an individual citizen of another state. That decision quickly led to the adoption of the eleventh amendment to the constitution.

Like the S.E.U.A. petition for rehearing, the joint petition cites the District of Columbia fire insurance rating law as indicating the intent of Congress as to the applicability of the Sherman act to the insurance business.

"Surely it is a remarkable situation that Congress intended the Sherman act to apply to the business of fire insurance in the 48 states but did not intend it to apply in the field where Congress has exclusive legislative power—the District of Columbia," the attorneys-general petition observes.

## ASK TO APPEAR

The petition bears down strongly on the disqualification of the two justices, saying that though the disqualifications may have seemed proper when viewed from the standpoint of the litigants' interests only, when viewed in the light of the importance of the decision to the states it becomes a different matter. "Certainly, in view of the effect upon the states of the important constitutional question presented, all the justices of the court should be qualified to participate in the decision," the petition urges.

"Request is therefore made," the petition continues, "that the question of disqualification be reconsidered solely from the standpoint of the interest of the states. Petitioners respectfully suggest that where the interest of the 48 states is concerned there should be no disqualification unless it relates to the interest of the states."

"If the disqualifications remain in

(CONTINUED ON PAGE 14)

## W. L. Lee of Cleveland Is Retiring from Business

W. L. Lee, in charge of the Cleveland office of Underwriters Service Association, is retiring on Oct. 1. Mr. Lee has an enviable record of years of efficient work in the fields of protecting manufacturers from loss by fire and in improving their insurance contracts. He is one of the best fire protection engineers in the business.

Mr. Lee is a native of Chicago. After finishing his four-year course in electri-

cal engineering at the Massachusetts Institute of Technology he became fire protection engineer of Western Union in Chicago. W. G. Sanderson was the only other engineer in the office and supervised all the sprinklered business in the territory.

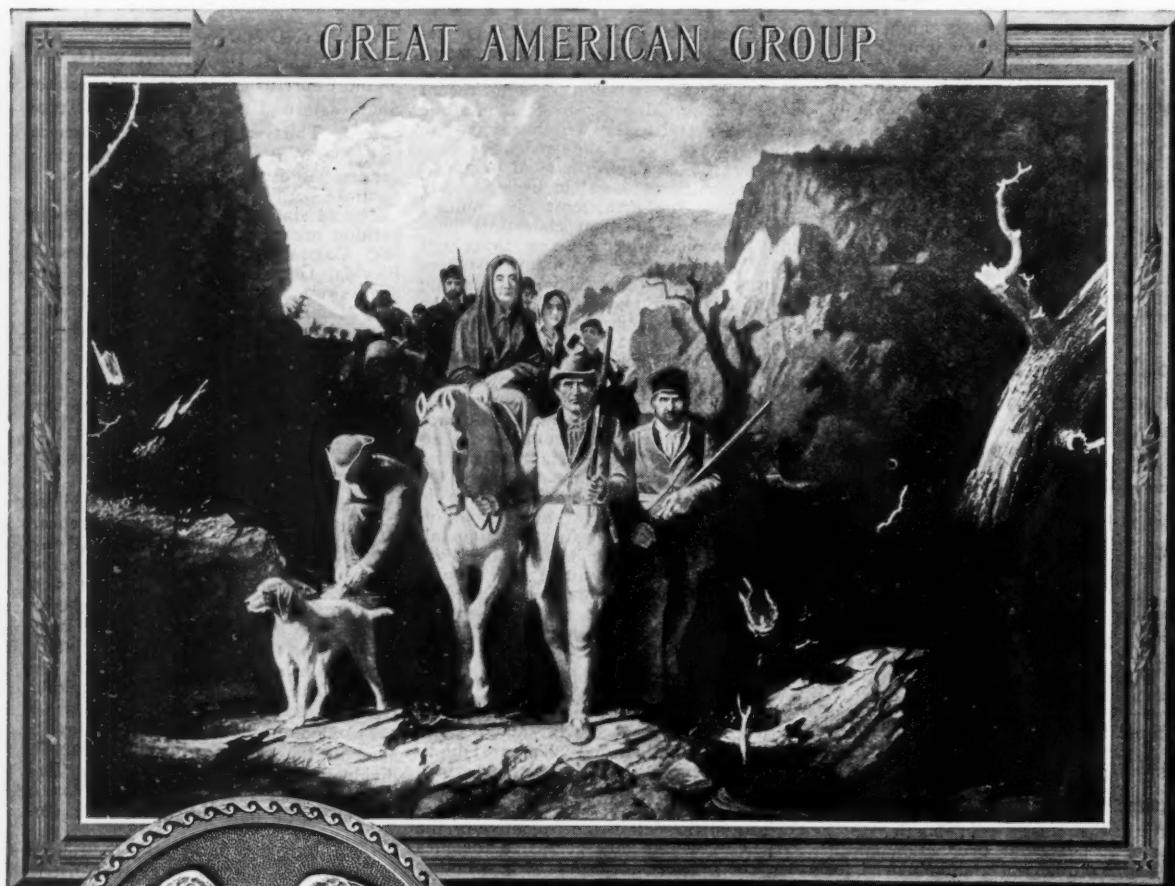
Mr. Lee was with the Western Union nine years when Mr. Sanderson left in 1915 to become manager of the newly organized Western Improved Risk Association, now the Underwriters Service Association. Mr. Lee continued as engineer under Manager E. B. Hatch, for about a year, when the Central Actu-

arial Bureau was organized to handle sprinklered risk problems. Mr. Lee then went with Mr. Sanderson in 1917 and has been with Underwriters Service Association ever since.

### New Haven Agents' Election

The New Haven Association of Insurance Agents will hold its annual meeting Sept. 29, followed by a dinner at which Prof. Henri M. Peyre, chairman of the French department at Yale University, will discuss the French situation.

An advertisement similar to this appeared in NEWSWEEK, August 4th



"Daniel Boone Coming through Cumberland Gap" by George C. Bingham. Courtesy of Washington University, St. Louis, Mo.



Member Companies—Providing  
practically every form of insurance except life

**Great American**  
**Great American Indemnity**  
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**American National**  
**County Fire**  
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**North Carolina Home**  
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INSURE YOUR COUNTRY'S SAFETY—BUY WAR BONDS AND STAMPS

## TOGETHER

Together, Daniel Boone and a historic band of pioneers braved the perils of the wilderness to settle a new colony west of the Alleghenies. With a unity of purpose traditionally American, they built, defended and held their frontier posts in the fertile forests and plains of Kentucky.

In that same tradition, Americans are still striving to build, and to protect what they have built. But, while Boone and his followers had to depend for their security upon their own strong right arms, the citizen of today has the advantage of the coordinated insurance program of the Great American Group of Insurance Companies.

Great American coordinated insurance means insurance that protects where protection is needed, and avoids waste of duplicate coverage. Any of the 16,000 conveniently located Great American agents, or your own broker, will be glad to explain it and to submit a program adapted to your own needs. Inquire today.

## Travelers Tells of Its Foreign War Projects

Huge war construction projects, many of them in remote and inaccessible parts of the world, have been insured by Travelers and claim men and engineers have been working on these projects. In releasing some of the facts in connection with these huge jobs, Vice-president J. W. Randall said that the full stories, complete with interesting sidelights and details will have to wait a little longer.

Travelers insured and serviced the construction of the railroad and highway running from the Persian Gulf, through Iran and Iraq, to the Caspian Sea, including port installations at Basra and some other construction operations at Al Kuwait. Other Travelers-insured projects include construction of airways and other facilities along the Alcan highway, certain projects in the Aleutians, in New Foundland, Bermuda, Central and South America, and on islands in the Caribbean.

Travelers has also insured many emergency construction and war production jobs in the United States, some extremely hazardous but so secret that the company itself does not yet know what it has insured. Among those that can now be identified are the Big Inch and Little Inch pipe lines. The company is also insuring the construction of the Central American highway.

"When the war broke out," said Mr. Randall, "we determined that we would handle any job the government asked us to take, no matter how dangerous, hazardous or inaccessible it might be. We have had the wholehearted and enthusiastic cooperation of the interested government departments and the contractors and have been able to carry them through to the satisfaction of all parties involved."

Mr. Randall said the necessity of sending representatives to so many foreign points had not interfered with giving prompt and efficient service to the risks in the United States. As might be expected, Travelers men abroad ran into many unusual problems—legal, sanitary, and those arising out of differences in languages and culture. Too remote to wire the home office, they had to make decisions on the spot. For example a claim man, together with representatives of the British government, the contractors and the U. S. engineers, had to confer with the sheik of an independent Arabian territory to work out schedule of workmen's compensation benefits.

"These experiences in covering new, unusual, and hazardous risks in various parts of the world have taught us that we can handle any job no matter how inaccessible, unfamiliar or hazardous it may be," said Mr. Randall. "If, after the war, the American business men and contractors extend their efforts into other parts of the world the Travelers is determined to find a way to furnish them the insurance protection and service that they will need."

### Goodloe WDC Counsel

WASHINGTON—John D. Goodloe, general counsel of RFC, who has taken over the job of War Damage Corporation general counsel since the resignation of James W. Close to join a Chicago law firm, comes from Richmond, Ky. He attended the University of Kentucky and Harvard law school. Mr. Goodloe has been in the government service since 1931. Mr. Goodloe is assisted in carrying on WDC legal work by Robert C. Goodale, who has been with WDC since its organization.

### T. B. Sellers Seriously Ill

T. B. Sellers, manager of the Ohio Inspection Bureau, who has been ill two months, has taken a turn for the worse and has been removed to Mt. Carmel hospital, Columbus.

You Know  
A guy named Joe-



You know a guy named Joe.  
He's driving hard — day by day — giving all he has to smash the enemy.

He's not asking you to buy bonds — he's too busy.

BUT he expects you to buy bonds — and what's more he expects you to keep them — WHY NOT?

FIRE·MARINE·CASUALTY·SURETY  
*Loyalty Group*  
INSURANCE

Western Department  
120 So. LaSalle St.  
Chicago 3, Illinois

Foreign Department  
111 John St.  
New York 7, New York

HOME OFFICE

Firemen's Insurance Company of Newark, N. J.  
Organized 1855

The Girard Fire & Marine Insurance Company  
Organized 1853

National-Ben Franklin Fire Insurance Company  
Organized 1866

The Concordia Fire Insurance Co. of Milwaukee  
Organized 1870

Milwaukee Mechanics' Insurance Company  
Organized 1882

Royal Plate Glass & General Ins. Co. of Canada  
Organized 1896

The Metropolitan Casualty Insurance Co. of N.Y.  
Organized 1874

Commercial Casualty Insurance Company  
Organized 1899

Pittsburgh Underwriters - Keystone Underwriters

10 PARK PLACE • NEWARK 1, NEW JERSEY

Canadian Departments  
465 Bay St., Toronto, Ontario  
404 West Hastings St., Vancouver, B. C.

Southwestern Dept.  
912 Commerce St.  
Dallas 1, Texas

Pacific Department  
220 Bush St.  
San Francisco 6, Calif.

BUY MORE BONDS - - AND KEEP THEM

Official U. S. Marine Corps Photo

## NEWS OF FIELD MEN

### Dutton San Diego Manager for Phoenix of Hartford

Phoenix of Hartford has appointed Lt. Col. George L. Dutton as manager in charge of its San Diego county office.

He began his insurance career in the local agency business at La Grande, Ore., and five years later, in 1927, he joined Phoenix as special agent in Oregon, from which position he was

granted a leave of absence upon entering the armed services in 1940.

Dutton's military career dates back to the former war and having continued actively his reserve commission, he entered this war as a commissioned officer and received his training at Fort Lewis, Wash. From there he went to the Southwest Pacific and later was transferred to General MacArthur's staff. He was then transferred to the 5th bomber command of the 5th air

force with the rank of lieutenant colonel. Dutton was in the South Pacific for 21 months and for physical reasons was returned to the United States and last May was relieved from active military duty, returning to his employment with Phoenix in Oregon.

Oct. 13-14, during Fire Prevention Week.

Richard E. Verner and E. T. Cox of the Western Actuarial Bureau, Chicago, will speak.

### Iowa Committee Named

J. H. Bunten, Fire Association, president Iowa Fire Prevention Association, has announced committee appointments. On the executive committee will be: Fred C. Meister, Travelers Fire, chairman; J. E. Bright, North American; W. H. Brode, American Fore; E. L. Wieck, Security, Ia., and H. F. Morris, North British.

Fred E. Brake, Great American, heads the speakers bureau and Claude W. Borrett, Hanover, the public building committee.

### Plan Waterloo Duck Dinner

The eastern Iowa Blue Goose puddle will hold a dinner-meeting in Waterloo Sept. 26. M. E. Hutson, Buffalo, pollywog, said plans would be made for the annual duck dinner held at Waterloo each year.

### Iowa SWIS Conference

The Iowa SWIS group met in Des Moines with Maj. C. A. Picken, industrial protection officer of the sixth service command, to discuss various phases of the work. About 60 were in attendance.

### C. D. Allen with Royal Exchange

The Royal Exchange group has appointed C. D. Allen special agent for central and western New York. He has completed 19 years in that territory for Travelers.

### Ind. Initiation at South Bend

The Indiana Blue Goose will hold an initiation meeting at Morris Park Country Club, South Bend, Sept. 27. There will be golf and other sports in the afternoon. Hugh M. Montgomery, manager of Western Adjustment in South Bend, is in charge of arrangements.

### O'Gorman to Be N. J. Speaker

The New Jersey Field Club will open its fall season with a luncheon in Newark Sept. 25. William D. O'Gorman, vice-president of O'Gorman & Young, Newark general agents, will speak on "Multiple Line Underwriting." He is a former president of the New Jersey Association of Insurance Agents.

### Speakers Group Hears Guy

Allen C. Guy, Ohio supervisor of Western Adjustment, addressed the Ohio Stock Fire Insurance Speakers Association at its first meeting of the season, Monday. He urged insurance men to get the "facts" about every risk and said every policy should be written with the idea that a claim is to result from it. Mr. Guy said that when a policyholder becomes dissatisfied with the treatment he has received from a company he blames the entire insurance industry, not merely the one company.

### Smith Ky. SWIS Director

State Fire Marshal Clyde Smith has been appointed director of the State War Inspection Service in Kentucky. He will sign all letters of recommendations to facility managements as director of SWIS. Inspection assignments will be sent to the Kentucky SWIS in the Starks building, Louisville, by the industrial protection officer of the fifth service command and assignments will be made from there and completed inspection blanks should be returned to R. K. Langan, assistant SWIS inspector. The evaluating committee will continue to write the letters of recommendation but they will now be sent to Frankfort for Mr. Smith's signature.

Kentucky SWIS is now receiving requests on the facilities formerly inspected by the War Foods Administration consisting principally of flour mills,

75th  
ANNIVERSARY YEAR

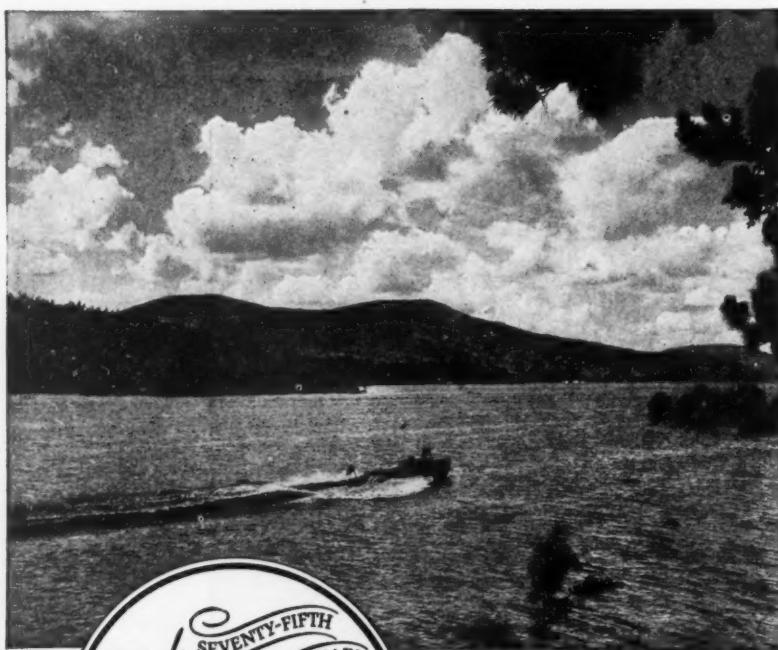


Photo by Harold Orms



NEW HAMPSHIRE'S largest lake, Winnipesaukee, long noted for its water sports and unsurpassed scenery, affords a wide area for summer recreation. The clear waters are studded with jewel-like islands, and surrounded by gently sloping hills where the evergreen forests have never lost their freshness. Its 20 plus mile length invites boating of all kinds, with speed boats prob-

ably leading in favor. Many campers return again and again to this invigorating playground.

The New Hampshire Fire Insurance Company has also had the experience of having people return again and again for what it has to offer—sound policies handled with typical New Hampshire integrity.

### Helvenston Returns to Field Work for Aetna Fire

R. H. Helvenston, recently returned to civilian life from active duty as captain in the U. S. marine corps, has been appointed special agent for Aetna Fire group in Arkansas. He will be associated with State Agent H. P. Latham.

Mr. Helvenston graduated from the University of the South and then took a course in the Harvard graduate school of business administration. He joined Aetna in 1930 as special agent in Alabama. Before that he was in local agency work and with an insurance brokerage firm in New York City. In 1940 he was transferred from Alabama to Texas, where he remained until 1943 when he received his commission in the marine corps.

### Celebrate 25th Anniversary

The 25th anniversary dinner of the New Jersey Special Agents Association will be held Oct. 11 in Newark. Special preparations are being made for the meeting including a program containing a history of the association. F. L. Bross, Yorkshire, is chairman.

### Ohio Pond Has 467 Members

The Ohio Blue Goose, according to a report prepared by Allen C. Guy, wielder, now has 467 members, of whom 57 are in service. There are 21 life members. At the recent meeting, 12 new members were initiated.

### Kent Rejoins Commercial Union

Walter E. Kent, former Iowa field man, has received an honorable discharge from the army and has taken up his former duties as special agent of Commercial Union for Iowa and Nebraska. He entered the service two years ago.

### Ariz. Agents, Field Men to Meet

A joint meeting will be held Sept. 23 by the contact committees of the Arizona Fieldmen's Club and the Arizona Association of Insurance Agents in Phoenix. Charles M. Rogers, Royal-Liverpool, is chairman of the field committee.

### Cosby Kansas Special Agent

Western Fire of Fort Scott has advanced Harley G. Cosby to special agent for Kansas. Mr. Cosby has been at the home office for several years in varied duties, most of the time in the automobile underwriting department. He will have headquarters at the home office.

### Kan. Fire Prevention Week Plans

"Contact men" for assisting in organization of local Fire Prevention Week committees and programs in nearly 100 cities and towns have been announced by the Kansas State Fire Prevention Association. Supervision of the cities affiliated with the Inter-Chamber Fire Waste Contest is directed by Ivan Hemphill, Hussey general agency, Topeka, Kansas district chairman of the National Fire Waste Council, while J. Y. Dickerson, Loyalty group, Topeka, heads the group contacting non-affiliated towns. A "speakers' bureau" has been set up by President N. K. Nelson, Great American, Topeka. Special posters and publicity have been prepared by State Fire Marshal Fred A. Werbe, a member of the association.

### Inspect Jackson, Mich., Oct. 13-14

The Michigan Fire Prevention Association members will inspect Jackson

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# If THIS happened to you...



This type of sales-producing advertising is indicative of North America's help to Agents in reaching home owners who give you the bulk of your business. It is appearing in The Saturday Evening Post, American Magazine, Liberty, American Home, House Beautiful, House & Garden and Pathfinder.

... have you enough insurance to cover your loss?

Perhaps, you say to yourself...

"Oh, I have enough insurance, if fire should damage my house or its contents."

But, have you? Are you sure? You know, of course, that most things you own cost far more today to repair or replace.

Unless you want to dig into your own pocket in case of a loss, we suggest you see your local insurance Agent and talk things over. His advice will help you to determine just how much insurance you should carry to ade-

quately protect what you have.

Remember . . . it's not safe these days to be under insured. Especially since adequate North America protection costs little more than not enough protection.

\* \* \*

*Insurance Company of North America, founded 1792, oldest stock fire and marine insurance company in the country, heads the group of North America Companies which write practically all types of Fire, Marine and Casualty insurance through your own Agent or Broker. North America Agents are listed in local Classified Telephone Directories.*



1792  
INSURANCE COMPANY OF  
NORTH AMERICA  
COMPANIES

INSURANCE COMPANY OF NORTH AMERICA INDEMNITY INSURANCE COMPANY OF NORTH AMERICA  
THE ALLIANCE INSURANCE COMPANY OF PHILADELPHIA NATIONAL SECURITY INSURANCE COMPANY  
CENTRAL INSURANCE COMPANY OF BALTIMORE PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY



## QUESTIONS you'd hate your wife to ask about Insurance

• **YOUR FURNISHINGS:** "Have we added any articles of value since we last took out insurance? Have any of our furnishings increased in value since then? Have we enough insurance?"

• **YOUR SILVERWARE:** "If our silverware was destroyed or stolen, have we enough insurance to pay for its replacement value?"

• **YOUR JEWELRY:** "Have we enough insurance to meet our loss if any of my jewelry should be destroyed, lost or stolen?"

• **YOUR FUR COAT:** "Are my furs insured for what they are worth today?"

\* \* \*

Your Insurance Agent or Broker will help you answer these questions. His advice costs you nothing and may save you thousands of dollars.

grain elevators, meat packing plants and canning factories.

#### Honor Trenbath in Seattle

The Seattle Blue Goose will resume its monthly meetings Sept. 29, honoring E. W. Trenbath, Norwich Union, who was elected grand keeper at the Denver grand nest meeting. Mr. Trenbath and G. Emory Moore, most loyal gander, both of whom attended the Denver convention, will report on the proceedings.

#### Estep Speaks in Pittsburgh

PITTSBURGH—W. K. Estep, manager Allegheny division Middle Department Rating Association, spoke on the new rates and new dwelling and household furnishings forms at the meeting of the Smoke & Cinder Club. G. Warren Feller, special agent North British & Mercantile, club president and chairman evaluating committee working on SWIS inspections which the club is handling in western Pennsylvania, reported on progress of the inspections. Larger plants now are being assigned for inspection. The committee members also include Paul Mullen, state agent Phoenix of London; Carton Timberman, special agent Fireman's Fund; Walter Bell, special agent America Fore group; John Snelsire, engineer Allegheny division Middle Department Rating Association, and Frank Meisel, special agent North British & Mercantile.

Town inspections are scheduled to be held at Athens, O., in October and Ashland in March, 1945.

Plans of the Kansas Fire Prevention Association for Fire Prevention Week were presented to the Sunflower Blue Goose Puddle at its opening luncheon meeting in Wichita by George L. Steeple, Home.

The Bay State Club opened its 20th year with a dinner in Boston and an illustrated talk by James H. Nicholson, FBI special agent.

National Fire has subscribed \$10,000 to the \$2,000,000 building fund being raised for the expansion of facilities at St. Francis Hospital in Hartford.

## COMPANIES

#### Merrill Fireman's Fund Group Financial Secretary

SAN FRANCISCO—Fred H. Merrill has been elected financial secretary of Fireman's Fund, Western National Indemnity and Fireman's Fund Indemnity. It is expected that like action will be taken very shortly by Home Fire & Marine and Western National.

Mr. Merrill is a graduate of Stanford University with an A.B. in economics and corporation finance. For two years following his graduation in 1928, he was with the Wells Fargo Bank & Union Trust Company in San Francisco and later joined the firm of Dean Witter & Co. as investment analyst in its bond department. In 1941 he became manager of the trust and investment department of the Hawaiian Trust Company at Honolulu, later being advanced to assistant vice-president. He has lectured frequently at the Stanford school of business administration and has been interested in similar educational activities.

John S. Selfridge, who has been a member of the Fireman's Fund organization for some time, will assist Mr. Merrill in the conduct of the investment department.

#### Will Locate in New York

In connection with the removal of the head office of State of Pennsylvania from Philadelphia to New York, Vice-president S. P. Rodgers, Elmer Van Dusen, assistant secretary, J. C. Stevens and members of the staff will locate at the New York office, 111 William street. Globe & Rutgers, State of Pennsylvania and American Home will thus be under the same management and there will be a coordination of activities.

#### Rockford, Ill., Agents Meet

Noah Mason of Ogilby, Ill., representative in the legislature, will address a luncheon meeting of the Rockford As-

## NEW YORK

#### V-DAY CELEBRATION DAMAGE

Local agents, especially in the larger cities, are receiving inquiries from property owners as to how they can protect themselves against possible V-day demonstrators or celebrants. Many people believe that there is no danger of so great property damage as people are of a serious mind. Some cities, it is stated, are planning to order all liquor stores closed. The Explosion Conference has suggested that damage from demonstrators would come under the fire and extended coverage policy or the malicious damage policy. It has been suggested that endorsements should be placed on the fire and extended coverage policy making it definitely liable for damage due to those celebrating the victory. Or the malicious damage policy could be endorsed covering points that are not in the regular policy made to apply to the possible demonstration damage.

London Lloyds is writing a special policy for 48 hours covering demonstrators' damage. It provides for a deductible of \$100 and a 10% contribution clause. The charge is 25 cents per \$100.

#### OSCAR BELING TO SPEAK

Oscar Beling, superintendent agency systems department Royal-Liverpool group, will talk on agency systems and records at a meeting of the Richmond County Association of Local Agents Sept. 22 at St. George, Staten Island.

sociation of Insurance Agents Sept. 21. J. A. Johnson, Jr., president, will preside. The Rockford Association of Life Underwriters has been invited to attend.

#### Moline, Ill., Agents Elect

The Moline (Ill.) Association of Insurance Agents has elected the following officers:

President, William H. Efflandt; vice-president, Carl Walker; secretary, Harry Moorhusen; treasurer, Victor L. Allen.

## Pa. Ban on Transfer of Authority Hits Agents in Service

PHILADELPHIA—The retroactive effect of Commissioner Neel's recent ruling prohibiting companies from approving the transfer of an agent's countersignature power to an unlicensed clerk or assistant in the agency is reported to be working a hardship on many agents who have gone into the armed forces and depended on these power-of-attorney arrangements.

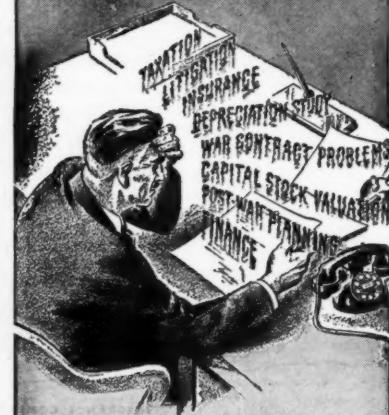
#### Covers Existing Approvals

At first it was thought that Commissioner Neel's ruling applied only to future approvals of these arrangements but further inquiry revealed that the Pennsylvania department was insisting that all such arrangements now in existence be abrogated and that the companies withdraw their consent. At least one company has sent out notice, where the counter-signature authority has been transferred by power of attorney, revoking its consent.

#### Situation Held Serious

An official of another company said that while he was wasting no sympathy on the lazy agent who had assigned the countersignature authority just to save himself the trouble of writing his name, he felt that it was an extremely serious situation for the man who had gone to war relying on this transfer of authority to take care of his business while he was away. From the ruling, he said, it appears that no one can sign the absent agent's name. There are two courses open, first for the assistant, usually a girl in the office, who has been countersigning the policies under power of attorney, to take and pass the state examination for license and then countersign the policies in her own right or else to turn the business over to some other agent to handle and issue, with the original agent no longer keeping his name before his clientele. The trouble with the former course is that many of these clerks, though efficient enough, could probably not pass the state examination.

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# CHICAGO

## CONGRESSIONAL COMMITTEE

The Illinois insurance committee headed by Alvin S. Keys of Springfield and the insurance division of the Business Men's Committee in Chicago have joined hands in a single organization for the fall election with W. J. Floreen, Rollins, Burdick, Hunter Co., and F. J. Durham of W. W. Durham as co-chairmen. This combined group is seeking to get out the vote for Republican Congressmen inasmuch as it is felt that they are friendly to insurance. The object is to get a majority in the House if possible so that not only insurance but other lines of business will be protected. Other members of the committee are E. D. Becker, Lyman, Richie & Co.; G. W. Childs, Childs & Wood; H. G. Kornblith, Eliel & Loeb; George A. Seaverns, Jr., Marsh & McLennan; E. H. Walters, Walters & Co.; Gail Reed, Fred S. James & Co.; W. M. Sheldon, W. A. Alexander & Co.; L. P. Warren, Associated Agencies; G. W. Blossom, Jr., Fred S. James & Co.; Harry T. Wright, Equitable Society; S. A. Rothermel, Moore, Case, Lyman & Hubbard; J. B. Parker, independent broker; Fred C. Bracken, broker; John Slagle, broker; W. W. Durham & Co.; F. P. Burns, broker, W. A. Alexander & Co.; F. J. Sauter; Charles Buresh, F. S. James & Co.

This committee will work among the insurance offices in Chicago and Cook county, endeavoring to get all employees registered, build up from these offices precinct workers who will make regular rounds in getting people registered Oct. 10 and then endeavor to get their votes for the Republican candidates. It is proposed also to do considerable work down state, in charge of Mr. Keys.

## BREEN JOINS CORROON & REYNOLDS

R. J. Breen, who has been with the western department of National Fire for the past 23 years, has become Cook County examiner for Corroon & Reynolds. He succeeds Martin Burke, who recently went with the Rollins-Burdick-Hunter agency. Mr. Breen's entire career has been spent in Chicago, starting with the old Liverpool & London & Globe western department before joining National Fire.

## NEALE ADDRESSES EXAMINERS

John A. Neale, chief engineer of Underwriters Laboratories, will address the Fire Insurance Examiners of Chicago at their dinner meeting Thursday on "War Time Activities of the Underwriters Laboratories."

## PLANS FOR LIFE MEMBERS

The annual meeting of the Life Members Society of the Fire Underwriters Association of the Northwest will be held Oct. 24 at the Hotel LaSalle in Chicago. The society has secured the Lincoln Room for its festivities, which will begin at 6:30 p.m. D. O. Stine of Reedsburg, Wis., will be in charge. The officers and directors met in Chicago this week to outline plans. Mr. Stine could not be present owing to previous business engagements so Vice-president E. L. Rickards, National Automobile Underwriters Association, was in the chair. A. H. Green, Cook county special agent of Atlas, will furnish the entertainment and he promises something of an unusually interesting nature. Mr. Rickards will give the address of welcome to the new life members and

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Phil Metzger, superintendent of agents of London & Lancashire, will welcome the associate members.

Vice-president Fred C. White of Hartford Fire was in Chicago this week visiting the western department.

## PROCESS MINN. GAS RATION BOOKS

Nearly 600 employes of the home office of St. Paul Fire & Marine as a volunteer job processed between 55,000 and 60,000 gasoline "A" ration books for the OPA.

The work began Sept. 6 and one afternoon a week from 3 to 5 was given over to the work. The company con-

tributed one hour of this time and the employes one hour.

## World Air Conference Nov. 1

WASHINGTON—Standardization of safety measures, navigation aids, operations and communications facilities in connection with world air routes was reported agreed upon by the United States, Britain, Russia, China and other countries in negotiations conducted by Assistant Secretary of State Adolph Berle, preliminary to a general international conference on world aviation here beginning Nov. 1, to which the United States has invited the other United Na-

tions and nearly all neutral governments.

Officials hope an agreement may be obtained on charting a system of world air routes for international transport, and setting up a temporary international body to act pending creation of a permanent world aeronautical organization; also on the principles to apply in creating the latter body and in a permanent treaty covering economic and technical aspects of international aviation.

C. B. Nelson, president of Farmers Mutual of Oakland, Neb., since 1939, has resigned to move to Colorado. W. C. Olson, vice-president, is acting president until the annual meeting.



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*Fire : Automobile : Inland Marine*

**States Ask Full Court or Suspend Decision**  
 (CONTINUED FROM PAGE 7)

effect then it is requested that the previous policy of the court be followed, that is that the final decision of the case be withheld until it can be determined by a decision in which a majority of the whole court concurs.

The petition declares that the interest of the states in the decision is so vital that a rehearing should be granted and petitioners should be permitted to present their views not only by written briefs but by oral arguments before the court as well.

The problem presented by the court's decision is giving the administrative officers of the states the greatest possible concern and they are most anxious that the matter be reconsidered, the petition points out, adding that the insurance commissioners at their convention adopted a resolution calling on the attorneys-general of the several states to apply to the Supreme Court for a re-consideration.

The New York petition is very brief. It asks a rehearing for the following reasons:

"This court's decision that insurance is commerce creates problems without foreseeable limit concerning the effect of federal statutes and concerning the extent to which state regulations are now permissible. We believe that the overturning of the former long established and certain basis for full state jurisdiction should be given further consideration by the court. The determination of such a question by less than a majority of the whole court also represents a departure from the salutary practice of the court in previous cases where constitutional questions were involved."

The petition concludes by asking that a rehearing be granted and that the state of New York be given permission to participate in any further hearings by the filing of briefs.

There was no indication why New York chose to file its own brief rather than joining with the 38 other states, beyond the obvious inference that New York preferred not to go as far as some of the joint petition's statements. Possibly a clue is to be found in the first sentence of the first section of the joint petition. This states that "this court, in holding that insurance is interstate commerce and is subject to the Sherman act, has destroyed the foundation upon which state regulation is based." The New York brief, however, merely refers to the "overturning of the former long established and certain basis for full state jurisdiction" and that the decision "creates problems without foreseeable limits . . . concerning the extent to which state regulations are now permissible."

The fact that the New York brief does not go so far as to say that the court has "destroyed" the foundation upon which state regulation is based

may indicate that in the event of some future controversy between New York and the federal government over the regulation of insurance, New York does not want to be in the position of having admitted that the foundation for state regulation has been "destroyed."

The text of the joint petition of the 38 attorneys-general is as follows:

"This court, in holding that insurance is interstate commerce and is subject to the Sherman act, has destroyed the foundation upon which state regulation is based.

This court, in holding that the Sherman act applies to the business of fire insurance, has denied the philosophy of state regulation by substituting the principle of unrestricted competition for regulation to insure solvent insurance at reasonable and non-discriminatory rates based upon a determination of the hazard assumed. The court has produced this result for the 48 states upon the theory that Congress so intended, although Congress has enacted legislation for the District of Columbia which adopts the philosophy of state regulation. In view of the fact that Congress has not acted to regulate the business of fire insurance in the 48 states, the court has presented a problem of law enforcement to the states, the extent of which the court did not fully recognize and which could have been so easily avoided had the court merely said that the business of insurance is subject to federal regulation, and left to Congress the enactment of appropriate legislation.

**Burden Imposed on States**

A transfer from state regulation to federal regulation or to a combination thereof, to the extent desired by Congress, could so easily have been effected without the burden imposed upon the states by this decision, and in no event, pending this transition, was it necessary to strike down the present system of state regulation by holding that the Sherman act applied to the business of insurance.

This court for 75 years, has steadfastly held to the constitutional view that insurance was not commerce, was a local business and, therefore, subject to the police power, with the result that during this long period of time a full and complete system of state regulation of the business of insurance has developed in the 48 states which, after many starts and trials, has crystallized in the philosophy that solvent insurance at reasonable rates shall be furnished without discrimination between insureds and risks of the same class and hazard. While the regulatory laws of the several states may differ in particulars, they follow the same general uniform pattern, the cornerstone of which was the holding of this court that the business of consummating a contract of insurance is a local transaction. Thus we find in the states laws as to agents' qualifications, the requirement of resident agents and the regulation of the payment of commissions thereto, and the same pattern of regulation in the District of Columbia by virtue of Congressional legislation.

In the decision of the court, unlike the

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dissenting opinions, sufficient regard seems not to have been given to the problems imposed upon the 48 states. In sharp contrast to the viewpoint of the minority, the court apparently suggests that its holding does not necessarily invalidate state regulation because (a) certain phases of the business may be only intra-state in character and (b) state regulation may be allowed to remain until Congress preempts the field by an act to regulate it to the exclusion of the states. This clearly overlooks the effect of holding that the business of insurance is interstate commerce and subject to the Sherman act which automatically brings about a basic and fundamental conflict with state regulation. The commerce clause is not regulatory in scope but is the basis for regulation. In holding that the business of insurance is commerce, the effect is to strike down the existing system of regulation without offering a substitute therefor until Congress enacts appropriate legislation.

When the vital interests of the states are concerned, it would seem that the horse should be in front of the cart and that state regulation should not be displaced until Congress has acted.

#### Illustration of Difficulty

In illustration of the difficulty in determining what is local and what is interstate when the question of a burden on interstate commerce is involved and in illustration of the effect of the decision of this court, we call attention to a recent decision of the United States district court of Idaho, northern district (Ware v. Travelers Ins. Co.), decided June 28, 1944 (No. 1552, not yet reported) in which it was held that the resident agent law of that state (Section 40-902 I.C.A.) was an undue burden on interstate commerce, a diametrically opposite holding from the decision of this court in the case of Osborn et al. v. Ozlin, et al., 310 U. S. 553, decided prior to the instant case.

It is illuminating to note that a few days before the decision of this court bringing about a conflict between the basic principle involved in the Sherman act (unrestricted competition) and the theory of state regulation (solvent insurance at reasonable and non-discriminatory rates based upon a determination of the hazard assumed), Congress enacted (June 1, 1944) a rating law to give effect to this latter principle in the District of Columbia.

Surely it is a remarkable situation that Congress intended the Sherman act to apply to the business of fire insurance in the 48 states but did not intend it to apply in the field where Congress has exclusive legislative power—the District of Columbia.

#### Disqualification of Justices

A majority of the court did not concur in the decision rendered. By reason of the disqualification of two of the justices, only seven justices remained to consider the case. Of these, only four concurred in the majority opinion which overruled precedents of long standing, while three dissented.

For a period of over 110 years it was the practice of this court not to decide any case involving a constitutional question unless a majority of the whole court should concur. The wisdom of such a practice is clear. Questions concerning rights under the Constitution are of the utmost importance. And of such questions, none could be more important than one involving a conflict between the power of the federal government and of the several states.

#### Effect Upon States

The decision of this case is undoubtedly of importance to the litigants, but it is of far greater importance to the 48 states. The disqualification of two of the justices may have seemed proper when viewed from the standpoint of the interests of the litigants only, yet when viewed in the light of the importance of the decision to the states, it becomes a different matter. Certainly, in view of the effect upon the states of the important constitutional question presented, all justices of the court should be qualified to participate in the decision.

Request is therefore made that the question of disqualification be reconsidered solely from the standpoint of the interest of the states. Petitioners respectfully suggest that where the interest of the 48 states is concerned there should be no disqualification unless it relates to the interest of the states.

#### Withhold Final Decision

If the disqualifications remain in effect, then it is requested that the previous policy of the court be followed, that is, that the final decision of the case be withheld until it can be determined by a decision in which a majority of the whole court concurs.

This court said in *Briscoe v. Commonwealth Bank of the State of Ky.*, Mayor of the City of New York v. Miln, 8 Peters 118 (1834), from which we quote:

"The practice of this court is, not (except in cases of absolute necessity) to deliver any judgment in cases where constitutional questions are involved, unless four judges concur in opinion, thus making the decision that of a majority of the whole court. In the present cases,

four judges do not concur in opinion as to the constitutional questions which have been argued. The court therefore direct these cases to be reargued at the next term, under the expectation that a larger number of the judges may then be present."

The decision in these cases was again postponed in 1835 (9 Peters 85) and finally decided in 1837 (11 Peters 102 and 11 Peters 257). In view of the fact that the business of insurance has developed under state regulation for the past seventy-five years, it is submitted that this practice could well be followed in the instant case, especially since it would give Congress the opportunity to make the careful study so important a subject deserved.

The problem presented by the court's decision is giving the administrative officers of the states the greatest possible

concern and they are most anxious that the matter be reconsidered. The insurance commissioners, in convention assembled, adopted a resolution calling on the attorneys general of the several states to apply to this court for a reconsideration of its decision.

The interest of the states in the decision of this case is so vital that a rehearing of this case should be granted and petitioners should be permitted to present their views not only by written brief but by oral argument.

Petitioners therefore urge the court that a rehearing be granted and that the justices who have previously disqualified themselves reconsider their disqualification in the light of the paramount interest of the states in the question presented, and that no decision be granted in this case unless it is concurred in by a majority of the whole court.

#### Service Command Awards PX Cover

NEW YORK — Insurance coverage on the post exchanges in the army 4th service command has been awarded on a competitive bid basis to Commercial Union for fire lines and Central Surety for casualty lines. The 4th service command is one of the largest in the army and comprises the states of Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, and Tennessee. Fifteen companies bid for the business and it is an initial venture for the successful bidders.

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competitors have neglected this line because they do not realize its potential value either as a commission producer or a builder of good will. So if you really want to build up your agency prestige, and get accounts of larger average size, push this line.

An attractive, result-getting sales promotion campaign is being offered this month on Rental Income insurance by the Security Insurance Companies. It includes a letter and suggestions on how to find and get in touch with these valuable prospects, as well as a newspaper advertisement, a new blotter, a new poster, and an attractive folder, all available free to the agents of Security companies.

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1850

FOUITABLE  
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1859

ATLANTIC FIRE INSURANCE CO.  
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THE CENTRAL STATES FIRE INS. CO.  
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## Calls for Auto Collision Data

N.A.U.A. Move, Which May  
Result in Rate Relief, Has  
N. Y. Department O. K.

NEW YORK—In order to promulgate collision rate revisions as promptly as possible, the National Automobile Underwriters Association has asked the companies to turn in their automobile loss experience statistics for the fiscal year ended Aug. 31 by Oct. 20 rather than the usual Dec. 10 deadline.

This move has the blessing of the New York department, which, in its recent examination report, said that collision rates had not been raised in keeping with experience and that reporting of figures by many companies was inaccurate in the classification of statistics. The report said that "these practices appear to cast some doubt as to the accuracy of all statistics reported to the N.A.U.A." and that "this affects their value for rate making and revision purposes."

While some companies' executives say that their collision loss ratios have improved in the last few months, the general assumption is that the combined experience of the companies will warrant an increase in collision rates.

The overall experience of companies varies considerably according to the types of risks that they insure and whether the bulk of their business is in high loss ratio or low loss ratio sections of the country. The growing scarcity of cars has reduced moral hazard losses practically to the vanishing point, which improves the experience for companies previously having this type of losses.

While the utmost effort will be made to get the statistical data in shape as promptly as possible and analyze it, the effective date of the revisions may be

delayed by the difficulty in getting new manual pages printed promptly.

Statistics supplied by the companies in this year's call are expected to be considerably more accurate and reliable than in the past. The New York department's investigation showed that "many companies were careless in the classification of statistics and some companies were so negligent and inefficient as to indicate a total disregard for the value and purpose of statistics." As a result of the revelation of these inaccuracies the N.A.U.A. sent out a bulletin to members and subscribers listing typical laxities found in reporting figures and calling attention to the need for greater accuracy. The bulletin emphasized that these conditions existed prior to the war emergency and could not be considered as due to present conditions.

The report stated that although the check on the accuracy of reported figures was confined to the formula A fleet fire experience used on the larger fleets, the results indicated that similar inaccuracies existed in other classes. Figures reported by companies to the N.A.U.A. on approximately 90% of the fleet formula A business in the 1940-41 experience call showed a 37.6% loss ratio. However, the adjusted figures resulting in the investigation gave a loss ratio of 71.2%. Spot checks of previous years indicated similar inaccuracies, according to the report.

## Pugh Joins Phoenix of Hartford in Cincinnati

CINCINNATI—David Pugh has been appointed special agent for Phoenix of Hartford group, with headquarters in 740 Union Trust Building here. He has had more than 20 years experience in the fire insurance business, starting with the Ohio Inspection Bureau. His last connection was with North America, working chiefly contacting agents in Cincinnati.

## Might Need Federal Bureau to Define Term "Reasonable"

NEW YORK—The necessity for some sort of federal super-rating bureau is seen by some insurance executives if that section of the National Association of Insurance Commissioners' proposal is enacted into law which states that there would be excluded from the federal anti-trust laws "all reasonable cooperative procedures necessary and incidental to the establishment of statistics, rating bases, rates, coverages, and related matters."

The point is made that somebody will have to say what is "reasonable," and if there is no federal rating bureau to pass on the reasonableness of conservative procedure, that state or regional rating organizations would be constantly subject to litigation initiated by the Justice Department or others seeking to show that the cooperative procedures were not "reasonable."

Offhand it might appear that even a federal super-rating bureau's decisions might not be a guarantee of immunity from attacks by the justice department, in view of the latter's recent action against the railroads, which operate under Interstate Commerce Commission jurisdiction. However, if such a federal rating bureau were given the power by Congress to determine what cooperative procedures were to be considered "reasonable" it is said there would be no trouble from the Justice Department. The permission granted for cooperative procedures would go beyond anything that is allowed the railroads under the Interstate Commerce Commission act.

## T. W. Budlong to National Board

NEW YORK—Theodore W. Budlong has been appointed to the public relations staff of the National Board and will be editor of publications for the board's public relations activities.

Since 1919, when he became associated with Bankers Accident of Des Moines, Mr. Budlong's career has been in insurance. He served successively as agent, underwriter, claim adjuster and fieldman with the Bankers, Federal Life, General Accident and Commercial Casualty. He has been located in Minneapolis, Omaha, Chicago, Denver, San Francisco and Newark.

In 1937, Mr. Budlong was appointed assistant director of publicity for the Loyalty group at Newark. In 1939, he became director of publicity. While with the Loyalty group he has handled publicity and advertising and has been editor of the group's publications.

Mr. Budlong has served three years as a member of the Insurance Advertising Conference executive committee, and two years as secretary-treasurer of the conference. He has also served on a recently formed public relations advisory committee of the National Board.



T. W. Budlong

## REINSURANCE . . .

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## Senate Committee O K's Bailey Bill by Vote of 11 to 6

(CONTINUED FROM PAGE 5)

The telegram from Baldwin to members of the Senate committee follows:

"For three months the insurance commissioners of all states and leaders of all branches of insurance have devoted hours and hours of time to study and discussion of the situation resulting from the Supreme Court decision. Unanimous decision has been reached with definite recommendations made by state insurance commissioners calling for legislation differing from the Bailey bill, but preserving states rights."

The telegram concluded by urging the judiciary committee to postpone action on the bill until at least "unified recommendations can be heard."

The committee, however, passed over these suggestions. No amendments were offered to the bill in committee, although O'Mahoney has had several amendments pending there since early hearings on the bill last fall or winter. He explained he did not formally offer them Monday because he "did not want to take affirmative action pending the report of the special committee of insurance commissioners" meeting in Chicago later this month. "I want the industry to make its own suggestions," he added.

### Urge Continued Study

Regardless of the judiciary committee action, O'Mahoney said he thought "the insurance industry would be shortsighted if it did not continue its study."

The committee's action was preceded by discussion of the situation and problems involved for nearly two hours, in which O'Mahoney urged delay and opportunity for the commissioners to state their case and for consideration of amendments they recommend. He was supported in this stand by Hatch and others.

On the other hand, Danaher, McCarran and others of the majority protested there had been too much delay already; that the bill should go to the Senate where amendments could be considered if desired.

The situation was described by O'Mahoney as follows:

"Prior to the Supreme Court decision there was a different situation from that existing because, now, the court has decided that insurance affects commerce. This decision was made by unanimous vote in the Polish National Alliance case. By vote of 4 to 3, in the Southeastern Underwriters Association case, the court decided that insurance is commerce."

"The three dissenting justices in the latter case declared in their dissenting opinions that there is no distinction between insurance, as commerce and many other industries which have been held to be commerce."

### Prohibitions Inoperative

"That means that the passage of the Bailey bill says in effect that notwithstanding that the insurance business is commerce, Congress does not want the anti-trust law to apply to it. That, of course, means that the prohibitions of the anti-trust laws against conspiracy, boycotting, restrictive practices, would be inoperative."

"The insurance industry should not close its eyes to the fact that when the Supreme Court decides, as it has done, that the industry is commerce, Congress can not, by a mere statute, take it out from under the commerce clause. That could be done only by constitutional amendment."

"The result is that every other act of Congress dealing with interstate commerce, like the Robinson-Patman act, which prohibits the seller from paying a fee to a broker, applies to the insurance business. This is the reason why the constructive suggestions of the state commissioners should be used as the basis for legislation."

"Chairman McCarran stated in the committee that no effort will be made to bring the bill up for consideration in the Senate until Congress reassembles in November after the recess. The op-

portunity is thus presented to the insurance industry to continue its study. Meanwhile, there is no possibility this bill can be passed until after the recess."

### Want Outright Exemption

It is reported that several of the Senators supporting the Bailey bill are not in sympathy with the commissioners' official proposal that the federal anti-trust laws be amended so as to permit certain specified operations of a cooperative nature in the field of rate making, etc. These Senators say that such an amendment implies a recognition of a modicum of regulatory power on the part of the federal government and they are opposed to anything less than as exclusive state power as it is possible for Congress to give.

Despite the commissioners' official statement many of the individual commissioners are ardent champions of the Bailey bill as it stands and other commissioners prefer the bill in its present form but felt it would be unwise for the state officials to endorse it as a body.

It is also reported that some of the Senators have expressed interest in why insurance interests are apprehensive about the possibility of the federal trade commission act being applied to insurance operations and have suggested that witnesses be heard from the industry on this point.

### Subcommittee Vote 3-2

The Bailey bill was ordered by the judiciary insurance subcommittee sent back to the full committee without amendment last Thursday. The vote was 3 to 2, on motion of Senator Bushfield. Others voting with him were McCarran and Ferguson. O'Mahoney led the opposition and the vote of Hatch, ranking committee member, who was absent, was also cast in the negative, by agreement.

The committee's action was taken after O'Mahoney had submitted the following telegram from Newell R. Johnson of Minnesota, president National Association of Insurance Commissioners:

"Commissioners legislative committee meeting Chicago Sept. 29-30 for the

purpose of implementing declaration of principles unanimously adopted at St. Louis by executive committee of National Association of Insurance Commissioners. Anticipate placing before proper congressional committees completed program as soon as possible."

"Hasty action now indicates clearly to me," O'Mahoney said, "that there is grave danger of our giving more consideration to the pending Southeastern Underwriters Association case, in which a few companies are alleged to have engaged in restrictive practices, than to the needs of the far flung insurance business."

Meanwhile, the Senate committee has in its files the request of Walter G. Peterkin, Amityville, N.Y., for investigation of life insurance companies' rates and practices, in connection with its consideration of the states rights bill. Peterkin, who has been an intervenor in proceedings before the Interstate Commerce Commission involving the Wabash Railway receivership and before the Public Service Commission involving the financing of the Long Island Lighting Co., wrote that there is no regulation of the rates the life insurance companies may charge in any state.

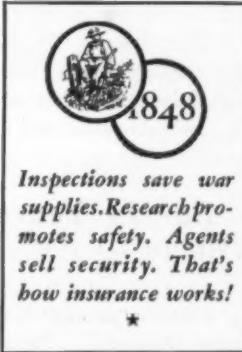
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vast resources of capital in nation wide combinations to finance great corporations, participate in their directorates, and dominate reorganizations is a menace to the public welfare," Peterkin continues. "The reorganization of the Wabash Railway Co. in 1941 and the pending reorganization of the Long Island Lighting Co. provide excellent case studies and supply the answers to many of the questions that gravely concerned the Temporary National Economic Committee. As an unfortunate investor I was forced to intervene in both these proceedings to protect my life savings."

The Peterkin letter went on to say that the Pennsylvania System had paid over \$60 million for a Wabash minority stock interest prior to its bankruptcy and that "although all of this stock was declared worthless, through the help of the life insurance companies by a device without precedent in railroad reorganization" the Pennsylvania was "permitted to secure approximately 100% of the common stock of the new Wabash for \$7 million. Earnings applicable as dividends on this new common stock in the past three years are several times the entire amount of this purchase price," Peterkin added.

"The power of the life insurance companies in politics is shown by the hasty passage of the Coudert-Mitchell bills to bar the use of the courts to small stockholders at the last session of the New York legislature," according to Peterkin's letter, "under pressure from the heads of certain of these companies applied through the New York Chamber of Commerce. This C. of C. appears to have approved the report of its committee that this legislation be asked for on March 2, 1944. Feb. 28, 1944, these bills had already been read twice in the state senate, printed, and ordered to the judiciary committee."

In the Long Island case, Peterkin's brief says that important matters "screened" from scrutiny of interested parties included an "off the record" agreement with the life insurance companies restricting the management.

By taking the entire recent Long Island bond issue, the brief says, the

life companies "appear to have relieved the company from the necessity of filing a registry statement with SEC showing its true financial condition."

McCarran Works on Report

On Tuesday McCarran was working on the report of the judiciary committee on the Walter-Hancock House-passed states rights insurance bill, recommended by his committee in lieu of the identical Bailey bill, for reasons of parliamentary advantage. He said he would confer with minority committee members about their report, but could not promise to hold up the majority report until the minority was ready.

O'Mahoney stated he is preparing the minority report against the bill, which he expected would be signed by all committee members voting against the bill.

E. L. Williams, president Insurance Executives Association, said the only comment his group had on the senate committee action was:

"We are awfully glad the committee got through with the bill."

He said he had no definite information when the bill would be taken up in the senate, but "hoped" it would be before the congressional recess, beginning probably late this week. If not, he pointed out, it would have to go over until after the election.

Letter From Harrington

In voting to report the insurance bill members of the judiciary committee had before them a letter from Commissioner Harrington of Massachusetts, suggesting a conference with the judiciary committee after the late September meeting of the N.A.I.C. committee with industry representatives in Chicago. However, the committee chose to disregard the suggestion.

Commissioner Harrington wrote to various senators. His letter to O'Mahoney, typical of that to others, and which was accompanied by the N.A.I.C. recommendations, follows:

"After conference with President Johnson of the National Association of Insurance Commissioners, it was thought

desirable to present to the individual members of the judiciary committee the program unanimously adopted by executive committee of the National Association of Insurance Commissioners. The program purports to retain regulations of the insurance business by the states in the interest of the public, and it is hoped will be acceptable to the members of Congress who are interested in proper regulation of this business.

Mentions Sept. 29 Meeting

"Our committee of commissioners will meet on the 29th of September in Chicago with representatives of the insurance industry for the purpose of implementing this program by more specific recommendations. You will observe that the program purports to deal with a multiplicity of problems confronting supervisors of the business as well as the problems which confront the life, fire, casualty, marine, mutual and stock branches of the business.

"We anticipate that we will be afforded the privilege of a conference with your committee or a properly designated group of your colleagues as soon as possible after the completion of our program, and before definite action is taken on legislation dealing with this subject."

Majority and minority committee reports were expected to follow respectively along the line developed in the fight over the bill in the senate committee.

Three Amendments Before Committee

The committee had before it three amendments which O'Mahoney had served notice last December he "intended" to propose to the bill although he did not formally offer them at the committee meeting which voted out the bill. His amendments, which may emerge in the Senate floor fight on the bill, would make it unlawful for any person, concern or association in the insurance business in more than one state to use the mails or vehicles of interstate commerce for transmitting any rate, rule, regulation, form or communication, discriminating against anybody lawfully engaged in the insurance business in any state, charge any rate, fee or premium for insuring property held in common ownership in more than one state by any concern doing business in interstate commerce, unless such rate, fee or premium has been approved by public authority having supervision over insurance within each state in which such property is located.

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## Fire Association Answers Questions On Explosion Cover

Realizing that the new clause on explosion insurance in fire insurance policies has given rise to many questions, Fire Association has prepared a booklet outlining the general attitude of its companies toward 15 of these questions.

In the absence of complete precedent, Fire Association does not attempt to answer these questions definitely for its companies or authoritatively for the industry. But, in outlining its general attitude on the points raised, it throws much valuable light on a subject on which many men interested in fire insurance profess to be somewhat in the dark.

The questions and answers are based on the following clause:

"This company shall not be liable for loss by explosion originating within steam boilers, steam pipes, steam turbines, steam engines, fly wheels, located in the building(s) insured, or in building(s) containing the property insured."

In considering the questions, Fire Association points out that in speaking of an explosion it means "an accidental (non-intentional) and violent bursting or expansion," in contradistinction to a rupture which is defined as "a parting or splitting without general hostile violence." Also, in this discussion, steam is not limited to water vapor, but includes any vapor generated by heat for heat or power.

Q. Why is explosion originating within boilers, pipes, engines, etc., excluded?

A. Under generally prevailing laws, protection against these hazards is limited to steam boiler and casualty insurance companies.

Q. What is indicated by the term "steam boilers" under the first exclusion in the clause?

A. By steam boilers we mean any pressure chambers or tubes in which heated liquid turns to vapor or in which vapor is superheated. We do not mean the fire box of a boiler nor the flues nor passages which conduct therefrom the gases of combustion.

Q. What is meant by "steam pipes"?

A. By steam pipes we mean the medium of conveying steam from its point of generation to its point of use, including all intermediate fittings such as valves, separators, traps, and any return or condensation piping.

Q. What is meant by "steam engines and turbines"?

A. Steam engines and steam turbines, which are excluded, are construed to mean moving or rotating machinery utilizing steam as its source of power. In our opinion, pumps, fans, blowers, electrical machines, wheels and gears on engine or turbine shafts or connected thereto, or any other auxiliary apparatus on the frame or bed of the engine or turbine, are not subject to this exclusion, unless the damage to these devices originates from an explosion in the engine or turbine.

Q. What is a fly wheel?

A. Our interpretation of a fly wheel is any wheel which by its momentum tends to stabilize the speed of machinery to which it is connected.

Q. Would explosion of a hot water heater be covered?

A. Yes. In such a unit having its own fire box, generation of steam would be purely accidental. Likewise, hot water units employing steam coils would be covered as the vapor therein is primarily in actual use rather than in transit.

Q. Assuming normal steam pressure, would damage resulting from splitting of a steam unit, such as a radiator, be recoverable?

A. No. Such an accident is not an explosion but merely a rupture.

Q. Suppose steam pressure in a heating system goes beyond normal pressure thereby causing a radiator valve to blow out, would the resulting damage caused by the valve or escaping steam be covered?

A. Yes, if there is evidence that the pressure was so great as to cause stripping of the threads on the valve.

Q. Is damage caused by units such as vulcanizers, devulcanizers, digesters, cookers, and similar steam-heated vessels covered?

A. Yes. In all these instances, although the units may generate steam, the steam is already at its "point of use."

Q. In the event of an explosion of a vessel of the type suggested by the previous question, is the unit as well as the resulting damage covered?

A. Yes. Where the company has liability for damage caused by explosion of a vessel, the vessel itself is also covered.

Q. Would damage caused by the sudden disintegration of moving or rotating parts of machinery be covered?

A. No. Neither the machinery nor the resulting damage would be covered as

the incident involves machinery breakdown only.

Q. Would a tenant of a building carrying insurance separate from the owner be covered against loss from damage resulting from explosion of a boiler within the building?

A. No. Fire companies are not liable for loss to a building or its contents if the boiler which explodes is housed within the building regardless of whether single or separate ownership is involved. Loss in such instances would be covered by steam boiler insurance.

Q. If a plant comprises several buildings in one of which is located a boiler, would damage from a boiler explosion be covered?

A. As explained in the previous answer, damage to the building or its contents in which the boiler is located would not be covered, but in our interpretation of the quoted explosion clause the insurer would be liable for damage to all other physical property.

Q. Would damage to property from a boiler explosion on a neighboring premise be recoverable?

A. Yes. Since in this case the damaged property is of necessity separated from the location of the exploding boiler, the loss would be recoverable.

Q. Are losses covered when caused by concussion from blasting or gunfire?

A. Yes. Although both causes may originate as "friendly" explosions, resultant damage to innocent property is accidental and would be covered, unless the incident involved is connected with military attack by an enemy.

### \$100,000 Detroit Bowling Alley Fire

DETROIT—The Mt. Elliott Recreation building, at 7820 Mt. Elliott avenue, was destroyed by fire with a loss estimated at \$100,000. The fire is believed to have started when a flammable varnish remover came into contact with exposed electric wires during redecorating.

Neville Pilling, U. S. manager of Zurich, was called to Toronto this week by the critical illness of his father.

## Railroads, Coast Guard Plan for Prevention Week

The Railroad Insurance Association has undertaken again this year a campaign for observance of Fire Prevention Week Oct. 8-14 by the railroads of the country. A number of railroads displayed the association's poster and adopted its program of last year. The campaign is particularly timely, the association points out, because of increasing losses to railroad properties.

Prevention activities are listed with the suggestion that specific days be set aside for their observance, and there are attractive posters.

### Railroad Losses Increase

The Association of American Railroads' fire loss figures for railroad properties shows an increase of approximately 50% in damage to railroad properties by fire in 1943 as compared with 1942.

The coast guard has issued for Prevention Week a 50 page booklet containing facts about the service's work in fire prevention. The coast guard operates 261 fire boats, plus trailer units, fire barges and monitors. Its school at Ft. McHenry, Md., trains coast guardsmen in fire prevention and the handling of explosives and dangerous cargoes. Aiding in port security and related work are 60,000 civilians who devote 12 hours or more a week to the coast guard.

The booklet points out that welding and cutting constitutes the most prevalent cause of water front fires.

### Royal-Liverpool Reissues Manual

The Royal-Liverpool group is distributing to agents and brokers a revised edition of its pocket manual covering marine, inland marine, all risks and fire and allied coverages. One subject treated is the personal property floater, which recently has been approved in several eastern states.

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## EDITORIAL COMMENT

### Relying on One's Hunches

After all, we can rely very much on our hunches and we will follow a pretty safe course. It is sometimes uncanny to recognize why we should travel a road which a hunch tells us is the correct one. Not long ago a casualty company canceled a policy on a chain store selling largely groceries and allied merchandise. It could not put its finger definitely on any factor that was revealing but it did have a hunch that there was something the matter with the management. It was impossible to say whether this was due to carelessness, indifference or just what the cause was. The company felt that there was something wrong.

Shortly after it canceled its policy a lady was trading with a clerk and she told him that she wanted to get a can of cherries. Another clerk was standing by the rows of shelves where the canned goods were to be found. The first clerk said to the man along the shelves, "Throw me a can of cherries." He took it literally and hurled a can at him, hitting the woman in the head, resulting in a fracture of the skull. Since that time she has been in a serious state, having to stay in a hospital right along. Naturally this store will be liable.

The incident disclosed that the company's hunch was correct.

### Meeting the Objection of Price

Almost everything that is sold and not bought must justify an additional cost. There must be some value over and above "pure product." This is particularly true of insurance, which will again face the problem of the price conscious purchaser to an increasing degree after the war, even if business, as it is expected to do, continues to be good for some years to come, following peace.

The problem must be met by the established agency, which needs new accounts if it is to continue to progress, as well as by new men entering the business, and there will be a number of them as men are discharged from service. Unless the man is a "personality" he cannot build a business entirely by personal charm, or even by that in combination with a good working knowledge of the business. At least he cannot do so in short order. A successful broker commented recently that a prospect "won't buy from me just because he likes my looks or because he likes me better than he does his brother-in-law who is in the business." One way is to approach the prospect with something that interests him but which he does not have.

But what he should have is a real argument for the price conscious buyer. Just what is it that keeps a client paying a higher price? Is it because he believes he is getting more for his money

than he would at a cheaper price? The prospect can hardly escape being in a business, industry or profession in which it is possible that a service or product can be had at a cheaper price than his firm charges. He may not be able to put into words the reasons for this differential which he gets but he certainly will understand, when the analogy is made, that a genuine difference does exist.

The prospective purchaser of insurance doesn't trade at the cheapest grocery, buy the cheapest shoes, or go to the cheapest lawyer. His reasons for not doing so should be obvious enough for the agent not to have to pursue the subject. It is a matter of quality, of extra service, and, in insurance particularly, the matter of an extra margin of safety and security. He pays a little more for groceries because he gets better quality, delivery service, and the assurance that he won't get stuck with spoiled merchandise. With a good lawyer he has more assurance that the problem with which he needs help will be settled satisfactorily.

Because insurance is an intangible, a contract paid for in advance that is designed to cover future contingencies, it is perhaps difficult to show the average prospect a difference in quality, but it can be done on the basis of reason, when personality or acquaintance is no longer quite enough.

### Insurance Stocks Are Firm

Although the United States Supreme Court decision declaring insurance is commerce and therefore subject to the federal anti-trust laws and other statutes that affect commerce, the stock situation

has not been affected to any degree. Usually in a case of this kind the stock market would reveal quite a dislocation. Stocks of standard companies were off a couple of points at first but now nor-

mal status has been resumed. Therefore the publicity and the uncertainty have had no effect, showing that after all the financial people and the policyholders at large have confidence in the companies and realize that their situation will not be seriously impaired. There have been no violent reactions. This is certainly a tribute to the solidity of insurance companies.

## PERSONAL SIDE OF THE BUSINESS

**J. L. Peterson** of the Security Title & Loan Co., Webster City, Ia., has been released from the Lutheran Hospital at Ft. Dodge, where he has been for a long time on account of a hip fracture Feb. 22. He was in the hospital nearly six months and was allowed to get out of bed for the first time Aug. 17. He and Mrs. Peterson are spending some time at the Lester Vegors' farm near Stratford, Ia., before returning home.

**Edgar L. Flippin**, president of Gulf, has been elected president of the First National Bank of Dallas. He is a director of several business organizations, including Great Southern Life.

**R. W. Neal**, for many years editor of the "Pacific Underwriter," who retired several years ago when his magazine was combined with the "Western Underwriter," has just celebrated his 80th birthday. Mr. Neal, still hale and hearty, occasionally makes the rounds of the San Francisco insurance district.

**Mrs. E. W. Cragin**, whose husband is a member of the local agency firm of Cragin & Pike, Las Vegas, Nev., christened the ship "Las Vegas" at Richmond Shipyards on San Francisco Bay. Mr. Cragin, who is also mayor of Las Vegas, has just been elected president of the Nevada Association of Insurance Agents.

**William T. Lepper**, assistant secretary of Aetna Fire, has completed 30 years with that company. He joined Aetna in 1914 in the mailing department. After several years in the southern department and the accounts department, he was transferred to the loss department, and in 1929 was made adjuster for Connecticut and western Massachusetts. Since 1938 he has been in the home office, successively as state agent for Connecticut and western Massachusetts, general agent in the automobile department, and assistant secretary since last February.

**George H. Butler** of Anniston, the new president of the Alabama Association of Insurance Agents, entered insurance in 1920 with the S. L. Crook agency there. He worked in the real estate department a year and then took charge, becoming assistant bookkeeper in the insurance department at the same time. Subsequently he went into the insurance production end. In 1931 he purchased the real estate department and established an insurance agency in connection, starting from scratch. He has absorbed four other agencies, including that of S. L. Crook, where he started.

From 1931 he has been a member of the Alabama association. He served on the executive committee from 1934 until 1942, when he was made chairman. During the past year he has been vice-president and chairman of the rates, rules and forms committee. In 1942, after considerable effort, he helped re-

vive the Anniston board and is now vice-president.

**W. B. Flickinger**, former associate general manager in the western department of North America, is ill at the West Suburban Hospital, Oak Park, Ill. He is 84 years of age and has been on the decline for some time.

**J. A. Mavon**, who has been manager of the insurance department of Mutual National Bank, Chicago, for 12 years, is retiring and will make his future home at Vero Beach, Fla. Mr. Mavon formerly traveled in the field in the west for Glens Falls and later was at the home office as vice-president in charge of the western department.

**Hugh Hill** of Savannah, the new president of the Georgia Association of Insurance Agents, is a native Georgian, having been born at West Point. He attended college at the Alabama Polytechnic Institute at Auburn, Ala., and the Georgia School of Technology at Atlanta. He spent three years in the textile business at Lynchburg, Va. He became associated with the engineering department of the Southeastern Underwriters Association, with which he was connected from 1926 to 1935 and then he went with the agency of Haines, Jones & Co. of Savannah, of which firm he is now manager. He has served a number of civic enterprises in Savannah including the presidency of the Rotary Club, vice-chairman of the Red Cross and is now first vice-president of the Chamber of Commerce. He has been president of the Savannah Association of Insurance Agents for two years, treasurer of the Georgia association for a year and on the executive committee for two or three years.

**Brace R. Howard**, state agent of the Toledo service office of the Loyalty group, has completed 25 years in the business. He recently celebrated his 39th birthday. He started in the western department of Royal in Chicago as file clerk and he graduated to map clerk. Owing to the death of his mother in 1921, he requested a transfer to the Canadian office of Royal in Toronto and became assistant examiner. He returned to Chicago in 1922 and took a similar position with Northern Assurance western department.

In 1924 he became special agent in Michigan of Detroit National Fire, traveling for 10 years until 1934 when he went with the Loyalty group as special agent for Wayne county (Detroit). In 1937 he was transferred to Toledo to open a branch office in northwestern Ohio for the fire and casualty companies of the group. This year the volume of business will run 300% more than in the same territory seven years ago. He claims to be the "oldest youngest" company man in the field.

**D. H. Douville**, for 17 years an inspector for the Underwriters Grain Association, is retiring on account of ill health. Mr. Douville, 72, was in the grain business in various capacities from

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NEW YORK 7, N. Y.—99 John St., Room 1103, Tel. Beckman 3-3055. Editorial Dept.: R. B. Mitchell, Eastern Editor; George E. Wohlgemuth, Assistant Editor; Dorothy B. Paul, Editorial Assistant. *Business Dept.*: N. V. Paul, Vice-Pres.; J. T. Curtin and W. J. Smyth, Resident Managers.

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1895 until 1927 when he joined the grain association.

**H. F. Johnston**, Detroit manager of Western Adjustment, who underwent an operation at a hospital at Grand Rapids about a month ago, is now at his cottage at Portage Lake in Michigan where he is recuperating.

Insurance Superintendent **R. F. Apodaca** of New Mexico was in Chicago for the American Legion convention. He also met some of the company officials and attended conferences. He was a special guest of John Boyle, Chicago general agent of Minnesota Mutual Life, who formerly conducted the New Mexico state agency.

**C. H. Lum**, assistant general manager of the National Board in charge of the San Francisco office, who is on leave because of ill health, was in the main office in New York, where he talked with General Manager W. E. Mallalieu. Mr. Lum's health has improved considerably. It was his first visit to the New York office in about a year.

**Bert R. Walinder**, manager of the farm and hail department of the America Fore group, Chicago, is a grandfather. A son, Ronald, was born to S/Sgt. R. R. Walinder and Mrs. Walinder at New Haven, where Sgt. Walinder is an instructor in the army air forces at Yale.

## DEATHS

**Thomas J. Gills, Sr.**, 72, local agent in Petersburg, Va., for many years, died there. He had lived in Petersburg for 50 years.

**Charles W. Page, Jr.**, 54, formerly with the Phoenix-Connecticut group, died in Hartford. He joined Phoenix after finishing his schooling and in 1917 was made special agent of Connecticut Fire for western New England. After serving overseas in the former war, he was with the group again until 1929, when he resigned, subsequently holding several positions with industrial and investment firms.

**M. E. Ryan**, 64, local agent in Detroit for many years until his retirement five years ago, died suddenly. Born in Port Huron, Mich., he went to Detroit and opened his agency in 1912. Since his retirement he has served as executive secretary of the Boysville Big Brothers, an organization which looks after delinquent boys.

**Earl A. Reid**, 65, state agent of London Assurance, Columbus, O., died from a cerebral hemorrhage in White Cross Hospital there. Mr. Reid started his insurance career with a local agency in Bowling Green, O., in 1904. He was special agent of North British and state agent of Yorkshire in Ohio before joining London Assurance in 1921. He had served as president of the Fire Underwriters Association of Ohio and most loyal gander of the Ohio Blue Goose. One of his daughters is Mrs. John J. Schiff, Jr., of Cincinnati, whose husband, a Cincinnati local agent, is now in the service. Funeral services were held in Columbus Monday and burial was at Bowling Green.

**Harvey Fowler**, who was a junior member of the Fowler agency of Manchester, Vt., was killed in action in the South Pacific. The agency is operated by his father, Paul Fowler.

**Fred W. Rassman**, 62, president of Emil C. Rassmann, Inc., Indianapolis agency, for more than 20 years, died in Altamonte Springs, Fla. He had retired some months ago because of ill health. In early life he practiced law but later joined his father in the insurance business and became president when his father died in 1921.

**Douglas Baker**, 33, advertising manager of "Northwest Insurance," died of an heart attack while making a business call in Minneapolis. He was a member of the Blue Goose and had a wide acquaintance among Minnesota insurance men.

**Benjamin E. Perry**, 89, died in Los Angeles. In 1900 he became one of the

## Safety Supervisors Largely Untrained

**BUFFALO**—The approximately 5,000,000 supervisors, foremen and lead men in industrial and mercantile establishments in the United States are largely untrained in the very art in which they are expected to be proficient; that is, "controlling the performance of workmen and the conditions of their environment." H. W. Heinrich, assistant superintendent of Travelers engineering and inspection division, told the Niagara Frontier chapter of American Society of Safety Engineers here.

"Supervisors," he pointed out, "have one of the most important tasks of industry—the job of getting workmen to do what they should do, in the way they are expected to do it, with due regard to quality, volume, efficiency and safety. It is a big job and the supervisor deserves an opportunity to learn how best it can be done."

### Hail Meetings Nov. 2 and Dec. 1

The Western Hail & Adjustment Association will hold its annual meeting Dec. 1 in Chicago. The advisory committee of the organization will meet Nov. 2. J. H. Macfarlane of America Fore heads the association, and James B. Cullison, Jr., manager of the Rain & Hail Bureau, the advisory committee.

first inspectors and raters for the old Minnesota & Dakota Fire Underwriters in Minneapolis, now the Fire Underwriters Inspection Bureau, under the late Walter I. Fisher. For several years he was manager of the Fargo, N. D., branch office, retiring in 1925. Since then he has lived in Arizona, New York, Florida and California. Mrs. Perry died in 1927.

**W. R. Mizelle**, 48, vice-president and manager of R. A. Brown & Co., Birmingham fire and casualty agency, and former president Alabama Association of Insurance Agents and Birmingham association, died Sunday at his home. He was Jefferson county canvass chairman in the last three war loan drives and in 1939 was commercial division chairman in the annual community chest campaign.

## IN U. S. WAR SERVICE

**Maj. Waldo F. Hardell**, former automobile manager Charles W. Sexton Co., Minneapolis, has been appointed chief intelligence officer of his combat wing in the eighth air force in England.

**Lt. Frank Weaver**, son of B. F. Weaver, recently appointed assistant manager of Royal-Liverpool in New York, is spending several days in San Francisco with his mother on leave after many months of service in the army air force. He received the distinguished service cross and air medal as a result of his activities in the Burma-India theater. He was previously with Hartford in San Francisco.

**Clifford Gordon**, former Kansas state agent of Western Fire at Wichita and son of Secretary E. C. Gordon, who has been with the finance office of the army base at Camp Blanding, Fla., for nearly two years, has been transferred to Fort Benjamin Harrison, near Indianapolis.

**Harry H. Parmenter**, veteran compensation claim man of New Amsterdam Casualty in Chicago, was visited this week by his son Urban, who is a corporal in Co. B, 45th tank battalion, 13th armored division stationed at Camp Bowie, Tex. Mr. Parmenter was an old "top kick" in the Philippines and as an old regular army non-com was honored on a visit to Camp Bowie some time ago by a ride in a tank on maneuvers.

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## Del. Agents Fear Snag with New Dwelling Form

### Annual Meeting Discusses Possible Conflict with State Valued-Policy Law

DOVER—The possibility that the new dwelling form may run afoul of Delaware's valued-policy law was brought up in the course of an extensive discussion of the new form at the annual meeting of the Delaware Association of Insurance Agents. The hitch is that the law requires specific valuations to be fixed and this would mean that all outbuildings covered under the 10% extension would have to be shown on the form individually with a value for each. It would mean that the agent would have to inspect each property and determine the value. Whether the new form is actually in violation will be determined by the state attorney-general, to whom Commissioner Swain has submitted the question.

As the Delaware association was reorganized only last spring, President E. S. Phillips of Wilmington and all other officers were automatically continued in office. Guest speakers were M. W. Mays, director of the Business Development Office and Wallace Rodgers, executive assistant of the National Association of Insurance Agents.

### Hurricane Is Text

Mr. Mays, who led the discussion on the new dwelling form, used the previous day's hurricane as a timely text for his talk on the importance of the agent's giving complete service to every insured on his books, giving his clientele the opportunity to buy all the various additional forms of insurance. Otherwise in the event of an occurrence like the hurricane the insured will feel that he has a grievance against his agent for not having brought the appropriate coverage to his attention. Mr. Mays outlined the ways in which a strong association can be of benefit to the insurance business and to each agent individually.

Mr. Rodgers discussed the National association's public relations program, making effective use of exhibits to illustrate his talk. He asked the Delaware group's continued support of the program.

President Phillips presented his report on the developments since the association was reorganized and appointed a number of committees. There was discussion of a proposal to issue a regular monthly bulletin but it was finally decided that the time was not propitious for a regular monthly publication but that the bulletin should be issued from time to time according to the officers' judgment. President Phillips was authorized to appoint a committee to study the handling of insurance on public buildings and report back at the next meeting. The association voted to affiliate with the state chamber of commerce.

### Retail Credit Western Shifts

W. P. Jerrill, Salt Lake City manager of the Retail Credit Company, has resigned to go with Prudential there. He has been with Retail Credit since 1923 and became manager in 1930. He is succeeded in Salt Lake City by George B. Owen of Phoenix, Ariz.

## Davey to American Casualty Group

### Former Aero Production Head Will Develop Aviation Business

READING, PA.—Fred N. Davey, one of the country's leading authorities on aviation insurance, has been made vice-president of American Casualty and its wholly owned affiliate, American Aviation & General, Harold G. Evans, president of the companies, announces. Mr. Davey's principal duty as vice-president will be to organize and supervise the operations of the aviation departments of these companies.

During a lifelong background in the insurance business Mr. Davey covered the entire United States for the Travelers and later devoted 15 years in the maritime department of Marsh & McLennan, New York. He became interested in the increasing demand for insuring aviation risks, and joined the underwriting agency of Barber & Baldwin, the original aviation underwriters, as vice-president in charge of production in 1928. This organization was later taken over by Aero Insurance Underwriters, and Mr. Davey has continued in the same capacity.

### Pioneer in Aviation Coverage

Mr. Davey was one of the original pioneers in the aviation insurance business, and with his vast experience is recognized as one of the leading authorities in the country in this field, with a thorough knowledge of its principles and a broad, intimate acquaintance with agents throughout the country.

American Casualty and American Aviation & General will transact a complete liability, hull and personal aviation accident, insurance business, and will operate solely through the companies' agents and brokers. The companies plan to have complete underwriting and engineering facilities for aviation risks in their branch and service offices and general agencies throughout the country to give prompt service on all submissions. American Casualty Company was the first American company to announce its intention to transact an aviation insurance business on an independent basis solely through its agents and not through underwriting groups, Mr. Evans states, and in connection with its plan, organized American Aviation & General this spring. The liability and personal accident coverages will be assumed by American Casualty and the hull coverage by the American Aviation & General.

American Casualty, organized in 1902, transacts a complete casualty and surety business through branch and service offices from coast to coast. American Aviation and General transacts a general fire, automobile and aviation insurance business and has already entered 25 additional states and is in the process of entering the remainder of the 48 states.

Mr. Evans has been secretary-treasurer of Aviation Consultants, Inc., and has owned and flown his own private airplanes for several years.

### Dallas A. & H. Luncheon Parley

The first fall luncheon of the Dallas Association of Accident & Health Underwriters was held Monday following which Emerson Davis, Texas manager Inter-Ocean Casualty reported on the meeting of the national directors at Chicago last week and Porter Bywaters, Employers Casualty, reported on the National Association meeting last June in St. Louis.

## Stir Up St. Louis Insurance Deal in Political Battle

ST. LOUIS—The St. Louis "Star-Times" has been attempting to make political capital out of the arrangement under which Continental Casualty, through Transportation Underwriters Agency of Chicago, in November, 1943, took over the public liability and property damage coverage of the St. Louis Public Service Company, which operates the public mass transportation facilities in St. Louis and St. Louis county.

The paper, which is strongly new deal, seems to be motivated by the fact that Barak T. Mattingly, Republican national committeeman, heads a law firm that handles some legal business for the Public Service Company. It has attempted to make it appear that there was secrecy attached to the transaction when Hartford Accident went off the risk about a month after it had obtained a renewal of its original contract at an annual premium of \$1,453,000 entered into Oct. 1, 1942.

Continental Casualty was among the original bidders in 1942, its first proposal being about \$2,100,000.

### No Secrecy About Deal

There was no secrecy about the original deal or the subsequent transaction in which Continental took over the business on a premium based on a percentage of the volume of business done by the street cars and buses. The stories were carried in the insurance press.

The "Star-Times" has failed to mention that in the 10-year period prior to the original arrangement with Hartford Accident the lowest amount that the Public Service Company paid out in personal injury and property damage claims, plus expenses, was some \$3,500,000.

Street car and bus fares in St. Louis are fixed by the Missouri Public Service Commission on the basis of the expenses of doing business, so that the savings effected through the insurance contract with Continental Casualty go for the benefit of the Public Service Company's patrons.

The "Star-Times" has endeavored to get Albert Miller, chairman of the Missouri Public Service Commission, and Insurance Superintendent Scheuerle interested but neither officially has shown any excitement.

### Fetzer Chicago A. & H. Speaker

Wade Fetzer, Jr., president of W. A. Alexander & Co., addressed the Chicago Accident & Health Association at its first fall meeting this week on public relations activities.

### V. H. Wills Saginaw President

Vern H. Wills of Alderton & Swan has been elected president of the Saginaw, Mich., Association of Insurance Agents, succeeding H. W. Brady. First vice-president is A. F. Brogger; second vice-president, H. J. Blanchet; secretary, Clara Laesch; treasurer, J. Maurice Wheeler.

### Insuring Tobacco at Auction

LOUISVILLE—A committee of the Kentucky Association of Insurance Agents has been formed to investigate and undertake if possible to secure a new form covering loose leaf tobacco on tobacco auction sales floors. There has long been an argument, as to ownership, divided as between farmer, tobacco warehouse and ultimate buyer, who may be a manufacturer, speculator, or dealer, and a question as to just when he actually takes possession and when liability passes from company to company.

## Curb on Starting Salaries Hampers Some Operations

### Insurance Accountants Discuss Current Wage Stabilization Problems

NEW YORK—The War Labor Board's ruling that not more than 25% of employees hired may be started at salaries higher than the minimum for the type of work is proving to be quite an obstacle in getting enough people to handle certain operations, it was brought out at the September meeting of the Insurance Accountants Association. Card punchers for tabulating machinery were mentioned as being particularly difficult to hire under this restriction.

Discussion of this point was in the question session following the talk of S. C. Simmons, editor of Prentice-Hall's labor service, who summarized the current salary stabilization situation. Mr. Simmons said that the only relief from this 25% limitation was where an employer has made a practice of paying a higher percentage of new employees more than the minimum rate for the classification. In that case the percentage followed in the past will be the permissible maximum. Thus, if it had been customary to pay 50% of new employees doing a certain type of work more than the minimum for that work then up to 50% of new employees could be paid more than the minimum.

### Can't Promise Relief

The restriction is particularly troublesome because it means that the employee who is taken on at the minimum for the classification cannot be promised salary increases except within the range permitted by the War Labor Board.

Another question brought out that companies are running into more absenteeism, to such an extent that some would like to charge absent time against salaries or deduct it from overtime even though they had not previously made a practice of doing either. Mr. Simmons, however, expressed the belief that this would be held by the labor board to constitute a reduction in salaries and would not be permitted.

### Returned Veterans' Status

Though it apparently has not yet come up as a practical matter, the question was raised as to the status of discharged war veterans, in cases where men have been released from the army or navy to work in war industries. The question was whether these men were to be regarded as having a right to return to their old jobs any time within 40 days after leaving the war plant or would the 40-day period only run from the date of their release from military or naval service? Another question along this line was whether, if a job has been filled three or four times in succession by men who went into the armed services, the company was obligated to take them all back. Mr. Simmons said he thought such questions could only be determined by the courts.

The question of merit increases came in for considerable discussion, one member wanting to know what proof would be required to justify such increases. Mr. Simmons said that the war labor board requires "documents, statements

or minutes." He expressed doubt that mere payroll records would really reflect a schedule or plan of increase. The question, he said, comes up either when an employer is applying for approval or else when the WLB auditors are making a check. Very little publicity has been given to the results of these audits, he said.

A member said that his company was just following its usual plan that had been in effect before the order became operative. Mr. Simmons said he thought this was safe as long as there were adequate records to show what the practice had been both before and after issuance of the government's order.

#### Loss Allocations

J. M. Donovan of Travelers Fire, association vice-president, said the question had come up as to the allocation of losses under the 10% off-premises feature of the fire policy occurring in a different state from the main location. He said it was generally agreed that the losses should follow the premium, that a loss occurring in New Jersey under a policy written on a New York location should be allocated to New York rather than New Jersey.

John Lamble of the Royal Exchange, chairman of the taxation committee, reported that progress is being made on the proposed plan for simplifying the handling of taxes paid by out of state companies to the local firemen's pension plans of New York state municipalities. The drawing of numerous small checks is a considerable nuisance and efforts are being made to set up a central agency to which a company could pay the entire fire department levy, with the agency paying each town on behalf of each contributor.

#### Warms of Wrong Inferences

R. L. Hildebrandt of Springfield F. & M. called attention to the danger that state rating authorities might get an erroneous impression that rates were too high if they followed the allocation of expense plan that is called for by special reports in some states. Where a group has a pooling arrangement the effect is to inflate the premiums artificially unless allowance is made for business ceded and consequently salaries are made to appear as an abnormally small percentage.

#### Keeping Payroll Records

B. F. Campbell of Aetna Life group's New York office described the use of punched cards and tabulating equipment for keeping payroll records and issuing pay checks.

The association's uniform accounting committee is studying the disbursements page of the annual statement with a view to obtaining uniformity among all companies in the allocation of expenses. The insurance commissioners have appointed a committee to work on the same problem. The accountants' recommendations will be made by the association to the National Board, which will confer with the commissioners' committee.

A. A. Dahlberg of the Sun, association president, conducted the meeting.

#### Plan Pittsburgh A. & H. Forums

PITTSBURGH—The first fall meeting of the Pittsburgh Association of Accident & Health Underwriters will be held Sept. 25. An open forum on hospital expense insurance will be conducted by Frank Hale, Mutual Benefit Health & Accident. It is planned to have meetings this year in the form of forums rather than bringing in a speaker.

#### Broadcast Time Changed

Cedric Foster, nationally known radio news commentator for the Employers' group, now goes on the air half an hour earlier Sunday evenings—9:30 to 9:45 p.m., E.W.T. The program, inaugurated more than a year ago, still originates in Boston and will continue to be carried by Mutual Network stations throughout the country.

## Lloyd's Issuing No Insurance as to War Termination

NEW YORK—Newspaper stories that London Lloyds underwriters are betting 8 to 5 that the European war will be over by Oct. 31 are without foundation, it is indicated in a statement issued by O. D. Duncan, United States general counsel for Lloyds.

Mr. Duncan has been receiving inquiries about insurance on the war's end and in his statement he said that he was authorized by the chairman and committee of Lloyds to state that "no insurances concerning the termination of the war or the date thereof are being effected at Lloyds," and that the underwriters agreed in 1937 that there should appear in all policies covering contingency risks of every description a war and civil war exclusion clause which in effect states that the policy does not cover loss or damage directly or indirectly occasioned by any happening through or in consequence of war, invasion, hostilities, acts of foreign enemies, civil war, etc., and that consequently no such business is being transacted at Lloyds.

#### Must Have Insurable Interest

Before the underwriters' decision to which Mr. Duncan referred it would have been possible to obtain insurance against the termination of a war before a specified date but only where the insured had a legitimate insurable interest. Though the myth is a hardy one, the fact is that Lloyds underwriters do not issue gambling contracts, it being necessary for the purchaser to have an insurable interest.

#### Contest for Diemand Trophy

The race for the John A. Diemand trophy among service offices of the Indemnity of North America is now in its third quarter. At the half-way post, covering the first six months, the Cleveland office, N. S. Pierce, casualty manager, was leading. Philadelphia's metropolitan department, Dodd Bryan, general manager, was second, close behind the leader. In third place was the San Francisco office, R. R. Reutepohler, manager. Chicago, at the half-way mark, is fourth in the race.

#### Office Safety Is Stressed

"Are You Safe in the Office?" is the title of the latest in the series of pocket sized employee cartoon booklets on safety published by the National Conservation Bureau. Emphasis is placed on falls, safe footing, looking where you are going, pinching fingers, jagged and sharp furniture or instruments, office machines, good housekeeping, proper way to lift, cutting out horse play, fire hazards and danger of infection from cuts and bruises.

#### Seek Wash. State Auto Bids

OLYMPIA, WASH.—H. D. Van Eaton, Washington state supervisor of purchasing, has issued a call for bids on liability and property damage insurance covering 2,700 pieces of state-owned automotive equipment, to be written under a master policy with limits of \$10,000/\$20,000 for bodily injury and \$5,000 for property damage. Bids will be opened Sept. 28.

#### Fights Removal as Director

DES MOINES—An injunction suit has been filed here by Milford Beechly, contesting the authority of officers of American Farmers Mutual Automobile to cancel his policy and remove him as a director. He also asks the court to hold that policies in the company cannot be cancelled without sufficient cause, and that the court determine what constitutes sufficient cause.

A "must" for every A. & H. man's library—"Planned Salesmanship," by Cousins. \$8.00 from National Underwriter.

## Cleveland Office Staff Saves Apple Crop

When W. W. Kuebler of Sandusky, O., who represents Indemnity of North America and Philadelphia F. & M. complained that the apples on 1,000 trees of his 130-acre farm near Berlin Heights, O., were likely to be a total loss because of labor shortage, the office force of North America's Cleveland service office volunteered—to a man and woman—to give up their holidays and go apple-picking.

During the coming month or two, while the crisis continues, more members of the Cleveland office staff will contribute their available spare time to saving Mr. Kuebler's apple crop.

## Meet A. & H. Competition by Having Better Plan

LOS ANGELES—Walter G. Gastil, general agent of the Connecticut General Life in Los Angeles, told the Accident & Health Managers Club of Los Angeles some of the things the accident and health business faces and pointed out the necessity of the business taking steps to solve the problems.

He said accident and health men are talking about the menace of the social security program to the accident and health business. He cited the situation existing years ago involving the wholesale grocers and the chain stores. He declared the wholesalers fought the chain stores and lost. They then started to improve their own stores and the stores of the retailers and gave the chain stores competition in the quality of service and merchandise and won. Because the wholesalers have done the better job, now the swing of business is to the independent grocer. He declared that the lesson the accident and health business can learn is that to fight the situation that now looms is not a good plan. It should have a better plan.

He said the accident and health business should sponsor cheaper hospital service and endowed clinics, where everyone may be served. He cited several endowed clinics, where everyone may be cared for and told of several instances where accident and health men have joined in such moves in their communities.

He raised the query as to what the business has done to eliminate competitive selling, to raise the standard of the merchandise sold, to promote better legislation and higher qualification requirements for companies and agents, the creation of a committee on ethics and honest selling, the creation of a committee on claims functioning like the Better Business Bureau.

He said the business should cooperate in the education, recruiting and training of salesmen; cooperate in the education of the public through advertising, talks to service clubs and like organizations and interviews with employers. He declared that the men in the business should give more time to research work to ascertain, among other things, what the public needs; then report to the companies and endeavor to get the needed coverage.

#### Los Angeles Club Elects

LOS ANGELES—The Casualty & Surety Fieldmen's Association of Southern California elected these officers: President, Robert Masterson, special agent, Fireman's Fund Indemnity; vice-president, Joe Brock, Hartford Accident; secretary-treasurer, Alan Driscoll, Travelers Indemnity. Mr. Masterson reviewed work of the past year, especially educational and public relations among agents and the public. He outlined a work program of increased scope. John Gurash is outgoing president. He is now associated with Pacific Employers as an executive.

## Move to Double Standard Accident Capitalization

Stockholders of Standard Accident, at a special meeting Oct. 5, will vote upon proposals to double the capitalization, bringing the total to \$3,518,760 and to authorize organization of a fire insurance affiliate, to be known as Planet.

There would be authorized an additional 175,938 shares of common stock of \$10 par value and President Charles C. Bowen states that the intention is to offer to stockholders the right to subscribe to these shares at \$10 per share in the ratio of 1 to 1. Standard Accident stock is being quoted in the over-the-counter market as in the range of 60 1/2-63 1/2. Mr. Bowen states that the directors intended to declare a quarterly dividend payable Dec. 5 of 36 1/4 cents a share on the 351,876 shares to be outstanding at the annual rate of \$1.45. Standard has been paying at the rate of \$2.50 on half that number of shares.

There will be no underwriting of any shares of the common stock not subscribed for and purchased by stockholders but any such unsubscribed for shares, it is proposed, may be sold by Standard at such time, at such prices and on such terms as the directors might deem advisable.

#### Need 66 2/3% Vote

It is contemplated that warrants evidencing the subscription rights will be mailed to stockholders following registration with the SEC about the middle of October. Stockholders of record Sept. 9 are entitled to vote at the special meeting. An affirmative vote of at least 66 2/3% of the capital stock is required with respect to the increase.

Planet, it is proposed, shall start off with surplus to policyholders of \$2 1/2 million being capitalized at 100,000 shares of \$10 par. Except for 150 directors qualifying shares the stock will be owned by Standard. The stockholders will also be asked to authorize the investment of the further sum of \$500,000 in shares of Planet at such time and under such circumstances as the directors may determine.

#### Reasons for Fire Company

Speaking of the proposed fire company, President Bowen stated that the directors concluded that it is in the best interest of Standard to enter the fire insurance field. The management of the new fire company will be largely identical with that of Standard itself and a man experienced as a fire insurance executive will be employed as the operating head. Standard will then be able to offer a more complete insurance service and a more salable one than is now possible.

The sales and service facilities of Standard will be utilized by Planet and this should result in economic advantages to both companies, Mr. Bowen said. Aside from the belief that this new field will in due course become a source of profit it is considered that the addition of the fire insurance lines is essential to Standard to maintain and strengthen its competitive position.

Standard Accident has in the past had an arrangement with Springfield Fire & Marine for writing combination automobile policies.

#### Ind. Award to Auto Owners

A one-year contract for liability and property damage insurance on all vehicles operated by the Indiana highway commission has been awarded to Auto Owners' of Lansing, Mich. The commission rescinded a prior award to Illinois National Casualty, represented by C. Herman Pell & Son of Brazil, Ind., following a ruling of the attorney-general that because Mr. Pell was a member of the state senate, his agency could not bid on the insurance.

## S.E.U.A. Case Is Cited to High Court by State Farm

### Brought Up in Fight to Obtain License in Wisconsin

WASHINGTON—Because of the Supreme Court decision in the Southeastern Underwriters Association case, State Farm Mutual Automobile has asked the court for leave to file a supplemental brief in opposition to the motion of Commissioner of Wisconsin to dismiss or affirm. Reason given is that since service by the company last May of its statement of jurisdiction and points relied upon in the appeal, and since the S.E.U.A. decision "a new ground of constitutional objection" to the state of Wisconsin's action involved in the case, has arisen.

The S.E.U.A. decision, the company brief says, "further invalidates the decision of the Wisconsin supreme court" in the State Farm case, "when viewed in a constitutional light." At the time of appeal, the brief says, the law required that whether the decision of the Wisconsin court constituted an unconstitutional attempt by Wisconsin to regulate appellant was to be viewed in the light of due process, full faith and credit or impairment of the obligation of contracts. Now, for the first time, the subject must be viewed in the additional light of interstate commerce.

#### Element of Interstate Commerce

State Farm says that its auto insurance business "in 40 states and between those states factually is an important element of interstate commerce. . . . Many accidents occur while the policyholder is in a state other than that of his domicile."

Applying tests suggested by Justice Black "whether, in each case, the competing demands of the state and national interests involved can be accommodated," and by Chief Justice Stone "whether the matter is an appropriate one for local regulation and whether the regulation does not unduly burden interstate commerce," the brief says:

" . . . the Wisconsin decision requires appellant to post as a reserve to satisfy its liability for unearned premiums, in addition to that which all agree to be premiums, one-half of the sum it collects as a membership fee, regardless of where collected and notwithstanding that the states in which such membership fee is collected do not consider such membership fee as a part of the premium, notwithstanding the complete absence of any liability on the part of appellant by law or contract in such state to return any part of such membership fees so collected, to any policyholder."

#### Non-Existent Liability

A reserve of over \$1,630,000 collected by the company in membership fees in 1942, under the Wisconsin decision would have to be set aside, according to the brief, "for a non-existent liability and would be withdrawn absolutely from commerce. It could not be taken down for use in developing the commerce of the company, for paying unusual losses anywhere in the states, or other commercial exigencies," the brief adds. "There it rests, immobile, a mortmain, ever alert, however, to satisfy a liability that exists nowhere."

This situation exists, the company indicates, notwithstanding that the Wisconsin court held the Wisconsin reserve law was not designed to assure over-all solvency; that the company does not operate on the membership fee plan in Wisconsin, but posts 50% of all Wisconsin premiums as reserve for its unearned premium liability in that state. It is not claimed, by anybody, according to the brief, that the company does not

## Excess Liability Only Cover in Railroad Wreck

The loss occasioned by the head-on collision of two Chicago & Eastern Illinois Railroad trains near Terre Haute, Ind., was uninsured except for an excess public liability policy carried in London Lloyds. There was fire insurance under a schedule policy, but no fire occurred. The C. & E. I. carries crash insurance on its Flagler streamliner but not on its regular equipment. The 14-coach Dixie Flyer, carrying 400 persons bound from Chicago to Florida, crashed into a standing mail train that carried no passengers. Twenty-nine persons were killed, most of them soldiers, and 64 were injured including a number of civilians. It is estimated that the loss to property will run close to \$200,000, including \$75,000 for the two engines, \$30,000 apiece for the three sleeper cars which were totally destroyed, \$20,000 for the baggage car, and approximately \$25,000 for damage to other cars in the two trains.

#### May Cost More Than \$500,000

It is estimated that it may cost well over \$500,000 to settle the death and personal injury claims arising from the wreck. This is particularly so since the question of negligence seems to be involved. It is reported that the Flyer was to have passed the mail train at a point five miles north of where the wreck occurred.

## Give Employment Ideas at American Legion Meeting

The national employment committee of the American Legion at its annual convention in Chicago, held an important meeting on the question of employing disabled veterans and at that time among others, spokesmen from the insurance industry were heard.

Clark Bridges, safety engineer for Zurich, transmitted to the committee the official expression of attitude that has been adopted by the Association of Casualty & Surety Executives and distributed copies of the association's report on second injury funds and also the printed statement of attitude. Garfield Brown, American Mutual Alliance, told of the position that his group has taken and distributed the statement that they have gotten up: "A Plan to Help Employment of Disabled Veterans and Other Handicapped Persons." Also attending that session was Roy Davis of Chicago, western representative of the Association of Casualty & Surety Executives.

Particular interest was taken in a statement of representative of the Ford Motor Company that Ford is now employing 11,000 disabled persons and that the safety record of that group is superior to those that are physically whole.

conform to the Wisconsin capital and surplus statutes, nor is there any question of the company's solvency. No legitimate local interest is present in the case, the company declares.

Expressing appreciation of the court's admonition in the S.E.U.A. case that the precise boundary between national and state power over commerce never can be delineated by a single abstract definition, State Farm Mutual concludes its brief by submitting that "determination of whether the competing demands of the state and national interests involved can be accommodated, whether the matter is an appropriate one for local regulation and whether the regulation does not unduly burden interstate commerce requires a consideration of all the relevant facts and circumstances . . . which can only be made upon a case to case basis," as suggested by the chief justice.

## Union Gets Out Guide for Bargaining on Group Cover

NEW YORK—A 127-page guide to group insurance for its 700,000 members and the negotiating committees of its 400 locals has been published by the United Electrical, Radio & Machine Workers of America, C.I.O. The guide, which is intended to assist workers in obtaining comprehensive group life, accidental death and dismemberment, accident and sickness, hospital, and surgical insurance as a part of bargaining agreements, discusses basic reasons for group insurance, advantages to employers, why employers should pay premiums, types of group insurance, sick leave plans, protection after layoffs, eligibility, preparation of contract demands and analyzes company and Blue Cross contracts.

Pointing out that 1,000,000 men have been rejected by selective service for physical disabilities, it is evident that the people require better medical care and a group insurance program would help to provide such care, the booklet states. It urges that efforts be continued to make the Wagner-Murray-Dingell bill a reality and it can be made a reality through political action. How to take such action is described in another guide published by the union.

#### Rates Almost Identical

"Premium rates of all major companies are practically identical," it asserts. "The only question, therefore, to be determined in choice of an insurance company is the kind of service the company will give. Whenever possible, union brothers and sisters should be supported by using an insurance company operating under union contract.

"At present three major companies that are best organized by the United Office & Professional Workers of America, C.I.O., are the Prudential, Metropolitan, and John Hancock. Locals desiring to deal with other companies in their area may communicate with the UOPWA-C.I.O. insurance division which has agreed to furnish the names of other unionized insurance companies to our representatives upon request."

#### Continued on Commitments

Members are cautioned not to make any commitment with any one insurance representative. When word gets out the union is interested in group insurance, the negotiating committee will be approached by various insurance representatives stating that the problem is complex and that expert advice is necessary. The guide, however, provides a better understanding of the trade union point of view of the problem than will be gotten from most insurance representatives, it is asserted. After discussing the question of commissions in the light of the union's interest in getting the employer to pay all premiums, "many insurance representatives are willing to be and can be of great assistance to the local negotiating committees." There is no real need, however, for calling in experts to negotiate group insurance benefits.

#### Concessions Are Obtainable

Many concessions can be obtained from insurance companies in the way of waivers of the regular provisions. For example, they will extend the 31 day period of coverage of life insurance benefits following termination of employment to six months under certain conditions.

Thus far the national war labor board has not ruled on the question of whether it would order a firm to institute or extend a group insurance plan in a dispute case. Several panel reports have recommended such a step and the issue is now pending in the Babcock and Wilcox case, which is expected to set the precedent on the questions of whether

## Tax Court Decides Acc. & Health Is Not Casualty Insurance

### Postal Mutual Indemnity Denied Tax Exemptions on that Ground

WASHINGTON—The U. S. tax court here held that the broadening of Postal Mutual Indemnity's charter to write lines other than accident and health insurance and its actual writing of this other business did not make it a mutual casualty company and hence did not entitle it to the federal income tax exemptions of mutual casualty carriers. The case arose on an appeal from a deficiency assessment for income taxes for 1937, 1938 and 1939.

Judge Turner in his opinion apparently did not distinguish between the operations of these three years, although Postal Mutual Indemnity did not receive authority to write other lines until Sept. 30, 1937, when it changed its name from Postal Casualty. It wrote nothing but accident and health in 1937, but wrote a substantial proportion of other lines in 1938 and in 1939 its accident and health business was less than half its total writings. The other lines were chiefly compensation and auto liability, property damage and collision, though it also wrote a smattering of burglary, plate glass and miscellaneous casualty lines.

The opinion denied the contention of Postal Mutual Indemnity that accident and health insurance is casualty insurance, citing dictionary definitions and some cases, though admitting that the matter has not been clearly settled by the courts. The judge also denied that the company had written enough other lines to make it anything but an accident and health company. It is not clear from the opinion whether the tax which was affirmed applied to all operations or only to its accident and health writings.

or not group insurance can be ordered in a dispute case.

A suggested plan provides the following: Minimum of \$1,500 life insurance—100% of average annual earnings based on 40 hour week, with same accidental death and dismemberment coverage; weekly sickness and accident benefits based on 66 2/3% of weekly average earnings on 40 hour week with uniform benefits for male and female workers; accident benefits starting first day, sick benefits starting fourth day; 13 weeks disability payments, maternity cases six weeks; surgical benefit schedule up to \$150; \$6 daily hospitalization with \$50 allowance for miscellaneous benefits and same benefits for dependents; life insurance, surgical and hospital coverage to continue one year and accident and sickness coverage to continue one month; employer pay all premiums with labor-management control. The estimated annual net cost per worker with a \$2,000 income for a firm in the 80% tax bracket for comprehensive coverage is \$14.52. The booklet sells for 75¢.

The cheaper rates usually charged for savings banks life insurance in states where it is available is a factor in termination of employment when the worker decides to convert his coverage, although group policies are very similar to the policies written by insurance companies.

Vice-president F. N. Dull of Continental Casualty in New York City gave a luncheon in honor of H. G. Brown, newly elected vice-president of Continental Assurance of Chicago, which has entered New York. Thirty department heads in the metropolitan office were present. Norman J. Hoag, vice-president from the home office represented that organization.

## ACCIDENT AND HEALTH

### Zurich Makes Changes in Group Department

Several promotions in the Zurich group department are announced. A. H. Hotson has been appointed regional manager in New York City. He has been supervising group underwriter at the head office in Chicago. He has been with Zurich since 1938 and was previously with Sun Life of Canada in San Francisco.

D. B. Mitchell, formerly supervisor group sales, has been appointed regional manager in Chicago. He went to Zurich in 1938 from the investment banking firm of Smith, Barney & Co.

W. E. Racine is transferred to the Philadelphia office to take charge of sales and service. For several years he has been service manager group department at the head office. He joined Zurich in 1940 and was previously a Chicago broker.

L. P. Gillespie has been appointed service manager group department in Chicago. He has been with Zurich since last November and was previously

with the International Harvester Company for five years.

### Set H. & A. Conference Mid-Year, Annual Meetings

The mid-year meeting of the Health & Accident Underwriters Conference was set for Feb. 5-6 at the Drake hotel, Chicago, and the annual meeting for June 5-7 at the Edgewater Beach there, at a meeting of the conference executive committee in Chicago.

Reserve Life of Dallas and Employers Casualty of that city were admitted to membership, bringing the total conference membership to a new high of 127 member companies.

W. C. Butterfield, secretary of National Casualty and chairman of the conference committee on surgical schedules, submitted the final report of the work of his committee, together with printed copies of a suggested uniform schedule. President H. P. Skoglund indicated that the surgical schedule committee was not

discharged, but would have further related work assigned to it.

There was considerable discussion concerning the effect of the United States Supreme Court decision and the more recent report of the subcommittee of the legislative committee of the National Association of Insurance Commissioners regarding future legislation on this matter.

Other matters discussed concerned legislation, action of insurance departments and the work being conducted by the new conference committees, such as the aviation, hospital insurance, medical insurance and special risks committees.

Harold R. Gordon, managing director, introduced Bill Howland, newly appointed statistician of the conference.

### Contest Honors Service Men

Honoring its agency men in service, Great American Reserve of Dallas had the most successful month in its history in August when 26 salesmen wrote \$1,274,975 paid-for life insurance and 1,374 accident and health applications. This gives an average for each salesman of \$49,037 in life insurance and fifty-two accident and health applications. The

average commission per man for the month was \$1,051.

The August contest in honor of the service men was suggested by the sales force. For each \$1,000 of life insurance produced, the company has set aside \$1 as a bonus for the absent salesmen to be presented upon their return, which is expected to assist greatly in their readjustment into civilian life and their return to insurance.

### Continental Casualty Has New "Four Freedoms" Plan

Continental Casualty has announced a "Four Freedoms" plan of voluntary personal protection, custom-made to cover any employed man or woman for the expense of hospitalization, sickness disability, accident disability and surgical operations. Up to \$5,000 or more is payable and cash benefits for each accident up to \$2,400 or sickness up to \$1,200 are featured under the new "income security" plan, which includes \$6 per day hospital expense and surgical benefits up to \$100.

This coverage was devised to introduce two new policies of the disability division. Both are non-classified and may be written at one low rate to all risks without regard to employment hazards. Either full 24-hour protection or "off the job" coverage only is provided. Both contracts are unlimited as to the number of disabilities covered the first year or any year thereafter. The assured is allowed his choice of any licensed doctor, surgeon or hospital in the United States and Canada when hospital and surgical benefits are added.

Employed men, 16-59, and employed women, 16-54, are eligible to purchase either of the new policies, with the same nation-wide average premium rates applicable to both sexes.

### Sholl Announces Committees

President C. A. Sholl of the National Association of Accident & Health Underwriters has announced chairmen of standing committees as follows: Membership, Emerson Davis, Inter-Ocean Casualty, Dallas; constitution, F. Glenn Packwood, Massachusetts Bonding, Kansas City; law and legislation, W. B. Cornett, Loyal Protective Life, Boston; public relations, C. Norman Green, Hoosier Casualty, Indianapolis; education, Mansur B. Oakes, Indianapolis; business standards, Leroy W. Secor, Washington National, Des Moines; associate companies, Travis T. Wallace, Great American Reserve, Dallas; publications, Wendell C. Taylor, Taylor Publishing Co., Indianapolis; memorials, A. F. Taylor, Inter-Ocean Casualty, Toledo; safety and health, E. W. Welton, Business Men's Assurance, Columbus; agency management, Robert J. Barrett, General American Life, St. Louis; cooperation with H. & A. Underwriters Conference, O. F. Davis, Illinois Bankers Life, Monmouth, Ill.; cooperation with National Association of Life Underwriters, Martin L. Seltzer, General Accident, Des Moines; cooperation with National Association of Insurance Agents, Charles H. Bokman, New Amsterdam Casualty, Pittsburgh.

### O'Connor Speaks in Detroit

E. H. O'Connor, executive director of the Insurance Economics Society of America, discussed the national picture in reference to compulsory insurance at the first fall meeting of the Detroit Accident & Health Association. He pointed out the trend toward compulsory accident, health and hospitalization insurance, both from a national standpoint and from that of Michigan, which has a special problem along this line. T. R. Wyles, Jr., Standard Accident, presided.

### Brink Agency's Lake Cruise

There were 386 on the lake cruise arranged by Earl B. Brink, Michigan manager of Mutual Benefit Health & Accident and United Benefit Life, from

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## The worst dressed girl in town...

Why is it that a man is all thumbs when it comes to changing a baby?

What's hard about it? Fold here . . . fold there . . . and pin here. A mother can do it with her eyes shut.

Of course there's that time-tested factor of experience to be considered. Mothers have been handling babies for ages. Fathers . . . well they've been more or less on the sidelines, basking in the glory.

Yes, that single item *experience* is the crux of everything. It certainly is with insurance.

You can try to protect your home or business by buying insurance policies piece-meal, whenever you feel the urge. But the chances are, if you have no definite plan . . . made especially for you by an experienced insurance counselor . . . your protection will be loose, ill-fitted and far from what you need.

The thing to do is to let your Employers' Group Agent, *The Man with the Plan*, be the "mother" of your insurance. In no time, he can pin up a protection plan that is fool-proof in every respect. For he has the proper insurance experience. He can

quickly analyze your needs and show you the hazards to which you are exposed. Furthermore, he can find any weak spots in your present policies and, being posted on all the latest developments in insurance, he can tell you how to get better protection at the lowest cost . . . protection that gives *freedom from worry over financial loss*.

Call *The Man with the Plan* now. You have everything to gain and nothing to lose. He will make a complete analysis of your whole fire and casualty insurance program *free*.

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THE EMPLOYERS' GROUP MAN IS THE MAN WITH THE PLAN

Detroit through Georgian Bay to Parry Sound, Ont., and return. Sales meetings were held aboard ship and entertainment was provided in the evening. S. C. Carroll, vice-president; E. S. Adams, assistant to the president; H. C. Carden, superintendent of agencies; W. E. Huggins, superintendent of claims, and their wives represented the home office.

In addition to the members of the Brink agency, there were 12 managers from other states, extending as far east as New York.

#### Eckey with Conn. General Life

Connecticut General Life has appointed Harold B. Eckey as district supervisor in charge of sales for Iowa and Nebraska with headquarters in Des Moines. He has been in insurance work in Des Moines for 13 years and formerly was with Interstate Business Men's Accident.

#### Des Moines Kickoff Dinner

The Des Moines Association of Accident & Health Underwriters at its annual fall kickoff dinner had as speakers Lt. S. N. Jesperson of the Iowa highway patrol, who spoke on safety;

Lee J. Dougherty and V. H. Jenkins, vice-presidents of Occidental Life.

#### Ernst Is Milwaukee Speaker

MILWAUKEE—The necessity of educating the insurance salesman in the fundamentals of insurance and salesmanship, so that he will be fully informed and able to meet all questions and problems arising in interviewing the prospect, was stressed by Carl Ernst, general agent of North American Life & Casualty, at the September meeting of the Accident & Health Underwriters of Milwaukee.

The association has increased the dues for producing agents to \$5 annually and for general agents and home office personnel to \$10. An initiation fee of \$5 has also been adopted but will be waived up to Nov. 1, according to Secretary Leo Packard.

#### Federal Legislation Utah Topic

At the Utah Accident & Health Club's first meeting of the season in Salt Lake City, E. I. Isaacson, Business Men's Assurance, spoke on "Trends of Federal Legislation Affecting the Accident & Health Business."

President A. Harry Good announced the tentative plan for holding a sales

congress and also told of plans for forming a Utah Insurance Federation.

#### Kemper Is Seattle Speaker

George W. Kemper of San Francisco, manager of the accident and health department of Fireman's Fund Indemnity, was the headliner at the first meeting of the Seattle Accident & Health Managers Club for the fall season. William Dow, Travelers, president of the organization, had charge of the luncheon.

G. F. McKenna, manager of Continental Assurance in San Francisco, addressed the Alameda and Contra Costa units of the California Chiropractic Association in Oakland on present trends in accident and health insurance. He also discussed the simplified claim forms recently developed to assist attending physicians and surgeons in completing their report forms.

L. M. Barringer, former chief boiler inspector for the Seattle building department, died following a short illness. Before going with the city more than 20 years ago, he was with Hartford Steam Boiler.

## CHANGES

### Travelers Names Shepherd Actuary

Clinton O. Shepherd has been named actuary of Travelers companies. He will be in charge of all the actuarial departments that for the past 14 years have been under the supervision of the late Benedict D. Flynn.

Mr. Shepherd is a native of Kalamazoo, Mich., and attended Kalamazoo College. After extensive experience in actuarial work in the middle west, Mr. Shepherd joined Travelers in 1934 and was appointed associate actuary of the life department in December, 1935. He is a fellow of the Actuarial Society of America and a member of the council of that organization. He is also a fellow of the American Institute of Actuaries and a member of the board of governors. He comes from an actuarial family. One brother, Bruce E. Shepherd, is actuary of the Life Association of America, and another brother, Pearce Shepherd, is second vice-president and associate actuary of Prudential.

### Pennsylvania Casualty Makes Two Appointments

Earle Redfield has resigned from Connecticut Indemnity to join Pennsylvania Casualty as manager of the burglary and glass departments. He as had much experience in those fields and is widely known by agents and brokers.

He started with Travelers, completing his training school and serving in several branch offices. While connected with the Newark branch office, he resigned to manage the automobile department, and later the burglary and glass departments of the Phoenix Indemnity. In 1927, he joined Bankers' Indemnity to organize its burglary and plate glass departments. He later affiliated with Glens Falls Indemnity, managing the New York burglary and glass department. Then he organized burglary, glass and agency departments of Connecticut Indemnity Company.

Mr. Redfield succeeds Frank Shramek, who is entering the agency field, having acquired a substantial interest in the Kroh & Miller agency, one of the oldest in Baltimore. Mr. Shramek will be vice-president and secretary.

R. L. Bennett of Jacksonville, Fla., has been appointed general agent for that state. He has had long insurance experience in that territory. His office is at 1100 Hendricks avenue.

#### Allen Is Portland General Agent

Hampton Allen, Wilcox building, Portland, Ore., has been appointed general agent of London & Lancashire Indemnity by W. W. Gilmore, Pacific Coast manager.

Continental Casualty has appointed W. R. Dempsey of Baltimore as general agent.

#### 1942 Traffic Death Causes

The annual summary of motor vehicle accident fatalities in 42 states, District of Columbia and New York City, compiled by the bureau of census for 1942, shows a total of 22,952, or 20.9 per 100,000 population. The deaths were distributed as follows: Pedestrian 8,390, other motor vehicle 5,344, railroad train 1,539, street car 110, bicycle 515, animal drawn vehicle 87, animal 53, fixed object 1,865, overturning on roadway 632, running off roadway 2,240, other noncollision 676, and other and not stated 751.

Charles H. Sherwood, Aetna Casualty home office claim examiner for the burglary and material damage department, is on a midwest tour.

## The keystone of satisfaction



There is one priceless asset of Standard Accident which is not listed in its published statements. This asset is the Company's enviable reputation for prompt, equitable loss adjustments—a reputation earned through 60 years of service and security.

Today, as always, Standard of Detroit continues to look upon its long record of fair settlements as the keystone of satisfactory service to the agent and the assured. In support of this it maintains an extensive claim service which operates in the United States and Canada, as well as Cuba, Hawaii, Alaska and Mexico.

Standard is one of America's oldest and largest casualty insurance and bonding companies. Ask a Standard field man for the many reasons why *Standard Service Satisfies*—or write the home office at Detroit 32, Michigan.

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SIXTY YEARS OF SERVICE AND SECURITY



## Men 5000 miles away may be injured in this Fire!

A carelessly dropped match . . . a war plant destroyed . . . vital equipment lost . . . war production halted. And on some battlefield 5000 miles away, where equipment is needed, our casualties rise sharply. Precious American lives are lost—through someone's carelessness.

We insurance men must keep this fact before us: *By reducing the toll of fire here at home, we can reduce our casualties on the battlefronts.* Now, as never before, safety engineering must be pushed to the limit. We can feel no complacency over our fire prevention work . . . because today we are faced by our greatest challenge. Here is why:

Fires in industrial plants are increasing sharply. Moreover, there is a dangerous increase in non-industrial fires which, by destroying business properties, workers' homes, or transportation facilities, also cut into our war production. You as insurance men know what this means. You know that fire took 10,000 lives through-

out the nation in 1943. You know that fire destroyed property valued at over a third of a billion dollars. You know that precious war goods and equipment, irreplaceable even though insured, were lost to America's cause. And this year, unless normal precautions are accelerated in the drive for Victory, the toll threatens to be greater.

This is the staggering challenge we face. To meet it we must work as never before at safety engineering and fire prevention . . . must arouse America to the necessity of added care and precaution in combating fire . . . must make the public realize that every fire is sabotage today! Our fighting men, our sons overseas, are counting on us. We must not fail! Victory over fire here will speed victory over the Axis out there!

*Harry F. Odegard*  
President

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## FIDELITY AND SURETY

### Ask for Cheap Bond in Service Men's Estates

The suggestion has been made to Chicago offices of surety companies that they write the qualifying bond for administrators of service men's estates at a nominal charge of \$2.50, or furnish them for nothing. The rate is 1% with a \$10 minimum. The idea is put forward by the Soldiers & Sailors Service Counsel, set up by Chicago attorneys, who plan to offer legal advice, in the case of small estates at least, for nothing or at a nominal charge.

The counsel's suggestion is being passed along to home offices by Chicago surety men. One factor is that any action taken in Chicago would undoubtedly have to be taken nationwide.

#### Objections to Suggestion

There are some strong objections to writing the bonds at \$2.50, surety men say. There will be all sizes and kinds of estates. There is the matter of protecting the rights of minor children who have no standing in court until a guardian is appointed. There may be a dispute as to parentage of children. Two wives may appear, etc. Surety underwriters generally are inclined to turn down the suggestion, although they believe that in the case of estates under \$1,000 the minimum might be waived and a straight 1% charged. They generally agree that the position of the sureties should be thoroughly explained to the attorneys. One suggestion is that if sureties go along with the idea of a cheap bond for service men's estates, it might be handled on the same basis as automobile assigned risks.

war to a joint federal-state road program. It calls for construction of urban, through, and farm-to-market roads, forest roads and trails and national parkways.

WPB states that total new construction in the United States in August was \$316 millions, a 2% increase over July, but less than half the volume of August, 1943. The August activity brought the 1944 total to \$2,540,000,000, 44% of the activity in the corresponding period of last year.

#### Chicago Group Holds Outing

The Surety Underwriters Association of Chicago held its annual outing at Sunset Golf Club last week. The affair was attended by approximately 50, including several members from the Milwaukee association.

Plans for a fall outing and golf tournament for surety men of the state, to be held probably in October, were authorized at the first fall meeting in Detroit of the Surety Association of Michigan.

## ASSOCIATIONS

### Casualty Managers Discuss Proposed Mich. Legislation

DETROIT—Proposed legislation for Michigan, backed by a powerful political group, which would be inimical to the best interests of the casualty and surety companies and which may be presented in the legislature next year, was outlined at the first fall meeting of the Casualty & Surety Executives Association of Michigan, with L. C. Minor, manager American Surety and New York Casualty, presiding. Details were not made public, pending decision upon what action if any will be taken by the association.

The chaotic situation in the automobile insurance field in this state came in for lengthy discussion. George Bortz, resident vice-president of Fidelity & Deposit and past president, intro-

#### Green Light for Highway Bill

WASHINGTON—The Senate has voted 37 to 18 to take up for consideration the post-war highway construction bill under which the federal government would contribute over \$650 millions annually for three years after the

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duced his newly appointed branch manager, A. J. Crocker, who has been with the company since 1925, most recently as assistant manager in Cleveland. A discussion of the new comprehensive personal liability policy brought forth many expressions of opinion as to its marketability in Michigan.

#### Los Angeles Adjusters Meet

LOS ANGELES—J. V. Brewer, attorney-member of the association, addressed the Casualty Insurance Adjusters Association of Southern California on "The Adjuster's Interest in Legal Evidence." He pointed out that the adjuster should be concerned in having the facts about an accident stated clearly, and that while the time element—that is getting the facts promptly when the accident occurs—is important it is not the only thing that should interest the adjuster.

W. B. Kitts, of counsel for Hartford Accident, discussed a motor vehicle code section which is applicable to minors and under which they may be held liable, although the civil code provides that a minor cannot make a contract.

Lt. Col. George Jackson, a member of the association who has been in service for more than two years, said insurance carriers have done a wonderful job in connection with army posts and camps, that claims have been well and fairly handled, and that the companies deserve praise for their work.

#### Auditors Hear OPA Official

LOS ANGELES—At a meeting of the Insurance Auditors Association of Southern California, Mr. Hill of the gasoline division of the Los Angeles office of the OPA explained the procedure in the rationing of gasoline and why auditors can not get additional gas to make audits on coverage on defense plants required by army and navy, but still left them without any idea of how they may get gas to meet these requirements.

A quiz program on auditing practices and procedure was presented.

#### Ohio Group Meets Sept. 26

The Ohio Association of Casualty & Surety Managers will hold its first fall meeting Sept. 26 in Columbus. Plans for the year will be outlined. A. W. Lorenz, Maryland Casualty, Cleveland, is president and C. C. Laffer, Columbus, Fidelity & Deposit, secretary.

#### Elect in Des Moines Sept. 25

The Des Moines Casualty & Surety Club will hold its annual meeting Sept. 25. Frank Noble, American Surety, has been named chairman of the nominating committee.

The Oklahoma City Claim Men's Association held an informal social gathering at the country home of Richard E. Wright, Jr., Tri-State Casualty. The first business meeting is scheduled for Oct. 2.

## COMPANIES

#### American Auto's New Directors

Richard Wagner of Chicago and R. Z. Alexander have been named as directors of American Automobile to fill vacancies created by the death last May of former Chairman L. A. Harris and the recent retirement of E. J. Engel.

Mr. Wagner is president of the Chicago Corporation. Mr. Alexander is a vice-president of American Auto, having been elected to that office in 1939. He originally joined the organization as assistant manager in Detroit in 1925. He served as manager there from 1930 until his appointment to the home office staff.

#### New Maryland Casualty Director

R. V. Fleming, president and chairman of the board of the Riggs National

Bank of Washington, D. C., has been elected a director of the Maryland Casualty. He is also a director of Metropolitan Life, Chesapeake & Potomac Telephone Co., Pennsylvania Central Airlines Co., Potomac Electric Power Co. and Capital Transit Co. He is chairman of the board of George Washington University and is treasurer and life trustee of the Corcoran Gallery of Art and of the National Geographic Society.

#### Show Seven Months Gains

Western Casualty & Surety and Western Fire reported substantial un-

derwriting profits in the first seven months, although the ratio of incurred losses to earned premiums is running 10% higher than for the same period last year.

The two companies earned \$251,000 in the first seven months, before income taxes of \$145,000. Premiums written were \$3,085,609, up \$322,834, and underwriting profit was \$143,000.

A convention examination of the two companies has been completed covering the 1943 calendar year. This shows Western Fire had policyholders surplus of \$1,224,400 and Western Casualty \$1,755,706.

#### Minnesota Decision on School Bus Liability

ST. PAUL—The Minnesota attorney-general has given the state education commission an opinion that members of school boards providing bus transportation for parochial school children may be protected against personal liability by insurance written in their name and paid for by the parents of the children transported. The opinion reiterates that school boards themselves are not liable for negligence of their officers and servants in performing this function.

## IF DISASTER STRIKES—



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# INSURANCE NEWS BY SECTIONS

## MIDDLE WESTERN STATES

### Ohio Convention Plans Announced

COLUMBUS—Plans are shaping up for the annual meeting of the Ohio Association of Insurance Agents at the Neil House here Oct. 23-24. In addition to Fred A. Moreton, Salt Lake City, president of the National Association of Insurance Agents, Edward W. Elwell, United States manager of Royal Exchange, will be on the program as banquet speaker. Clayton G. Hale of Hale & Hale, Cleveland, a trustee of the association, will discuss countersignature laws and there will be a general discussion, "What's Wrong with Agents?" in which field men will be asked to take part. Superintendent Crabbe and Paul R. Gingher, counsel for the association, also will appear on the program.

President J. F. Van Vechten has named Karl D. Dakin, Lebanon; M. M. Fulks, Chillicothe; Edward J. Schmidt, Hamilton; E. W. Altstaetter, Sandusky, and Paul W. Tribble, Bellevue, on the nominating committee. On the committee on resolutions are John C. Tubbs, Toledo; C. W. Hendershot, East Liverpool, and Charles Goldswig, Dayton.

### Plans for Kansas Agents' Annual Meeting Announced

WICHITA—At the September meeting of the Wichita Insurance Agents Association, Byron S. Chapell, chairman of the convention committee, presented detailed plans for the Kansas association's annual meeting in Wichita Oct. 18-19 and Frank T. Priest outlined highlights of the program. J. C. O'Connor, editor of the Fire, Casualty & Surety Bulletins of THE NATIONAL UNDERWRITER, will conduct a panel discussion. E. H. O'Connor, executive director Insurance Economics Society, will speak. Mr. Priest also reported on the recent executive committee meeting of the Kansas association.

The two high school boys sponsored by the Wichita association at the Kansas Boys State held in Wichita last June were guest speakers. Announcement was made of the Kansas fire school Sept. 25-28 in Wichita and members were urged to invite industrial plant protection people to the two-day special section for them Sept. 27-28.

### Discontinue Salvage Corps

INDIANAPOLIS—The Indianapolis fire department will take over the Indianapolis salvage corps Oct. 16. The equipment will be turned over to the fire department and corps headquarters will be sold. C. C. Duck, president of the corps, said liberal provisions have been made for its employees in the form of severance allowances to assist them in seeking new jobs, with continuing allowances for the older employees. William Curran, superintendent, has served ever since the corps' inception in 1914. Earlier, he had been a member of the Cincinnati salvage corps 20 years.

### Daniels Heads Joliet Agents

The Joliet Insurance Agents Association has elected these officers: President, Charles F. Daniels, Insurance Buyers Agency; vice-president, Phelps Hotchkiss, Munroe Brothers; secretary, Janet P. Young, Rugar Young agency; treasurer, Joseph P. Shroba. Executive committee (in addition to the officers): Merle A. Read, Herb Regan and J. Raymond Lennon.

### Wisconsin Agents' Speakers Listed

MILWAUKEE—Plans are under way for the annual meeting of the Wisconsin Association of Insurance Agents here Oct. 9, it is announced by John S. Rowland, Racine, state president. The conference will open at 10 a. m. State Senator Joseph Clancy of Racine will speak on "Insurance Men Must Protect Their Business by Getting Into Politics," and Prof. E. A. Gaumnitz, instructor of insurance in the school of commerce, University of Wisconsin, will discuss "Insurance Must Be Taught in Our Schools and Universities."

Two luncheon speakers will be Fred A. Moreton, Salt Lake City, president National Association of Insurance Agents, speaking on "What the National Association is Doing," and Wallace Rodgers, who is executive assistant of the public relations division of the N.A.I.A., on "What the Insurance Business Should Do to Excite Public Interest and Confidence." After the luncheon meeting, the association will conduct a business meeting to hear committee reports, consider and act on new and unfinished business and elect officers.

The Wisconsin convention will precede the formal opening of the N.A.I.A. annual meeting in the Hotel Schroeder here, opening Monday afternoon and continuing through Wednesday.

### Finds Variation of "Russian Plan"

DES MOINES—What Commissioner Fischer characterizes as the "Russian plan" is being used in Iowa, according to complaints received by the Iowa department. Mr. Fischer calls it the Russian plan because of the five year feature involved—collecting the premium for a five year term policy in annual installments.

The department said it had received complaints that fire companies were selling policies at the annual rate but renewable at 80% for four successive years. The plan, which previously was ruled out by the Iowa department, consisted of selling a policy with the annual installments the same rate as a five-year policy.

The department pointed out that such a plan had never been submitted to the department and that if not discontinued, necessary action would be taken against it.

The five year installment plan was ruled out by Mr. Fischer in 1941 on the grounds it was contrary to the anti-discrimination law. He held that the issuance of policies upon any plan by which an insured is extended credit without a reasonable charge of not less than the prevailing rate of interest, is a discrimination against the policyholder who pays the same premium in advance, or the higher annual premium.

### Ohio Upstagers Triumph

Showing a reversal of recent form, a strong upstate team under the coaching of Wilson Lively, Agricultural, defeated the Cincinnati team, coached by Joe Rielage, Jr., of the F. Rauh & Co. agency, by a score of 9 to 2 at the outing of the Ohio Blue Goose and Cincinnati agents at Summit Hills Country Club. Sparking the upstate team in their upset victory was a home run by M. Davis, Aetna Fire, in the first inning with no one on, and the hitting of Tom Ocasek, Underwriters Service, who led with four for five, and also hit

a ninth inning homer, clearing the bases after two were out. Cincinnati threatened often, but stellar fielding by W. A. Murphy, American States, with seven putouts, and Ed Becker, Ohio Audit Bureau, held them in check. Plenty of advice was offered both teams from the field men and agents on the side lines.

### Approve Cincinnati Reaffiliation

CINCINNATI—At a meeting of the Cincinnati Fire Underwriters Association, it was announced that the entire membership has approved reaffiliation with the Ohio Association of Insurance Agents. S. G. Brock, operating as the Brock Agency, 6125 Montgomery Road, was elected to Class A membership.

A special meeting open to solicitors and agents on Nov. 17 will start the year's program of educational meetings. F. W. Potter, field supervisor of Aetna Casualty, will be the speaker.

The National Board Saturday night broadcast received favorable comment and the secretary was instructed to write a letter of commendation to the National Board. E. R. Buss will be in charge of the association's team in the coming War Chest drive.

### Membership Goal Is 200

The Iowa Association of Mutual Insurance Agents was organized last March with H. O. Arthur of Waterloo as president is conducting a membership campaign with the objective of securing 200 members by Jan. 1. The convention will be held in February or March of next year. Any agent representing at least one mutual company is eligible for membership. Active members are agents of mutual companies, associate members are employees of agency mutual companies and auxiliary members are employees of an active member.

### Name New Minneapolis Directors

MINNEAPOLIS—At the annual meeting of the Minneapolis Underwriters Association, these new directors were elected: Arthur W. Erickson, University National agency; C. C. Hurd, Eichhorn agency, and Don Miller. The board will elect the president, secretary-treasurer and manager.

The suit now pending in federal court charging the association with boycott and restraint of trade was discussed at the meeting and proposed changes in the constitution and by-laws held up pending the outcome of that case.

### Renominate Milwaukee Officers

MILWAUKEE—T. Z. Clayton, vice-president of Geo. H. Russell & Co., has been nominated for a second term as president of the Milwaukee Board. The election will be held next month. Others renominated are Frederick Kasten of Blatz-Kasten & Co., vice-president; Joseph G. Grindle, secretary, and George Y. Wilkinson of Myers & Wilkinson, treasurer.

John S. Rowland, Racine, president Wisconsin Association of Insurance Agents, attended the board meeting to discuss the coming meetings here of the Wisconsin and National Associations.

### C.P.C.U. Course in St. Louis

ST. LOUIS—A special course leading to the C.P.C.U. degree will start Oct. 2 in the offices of Insurance Board of St. Louis, with Prof. Klamon of Washington University as instructor.

George O. Carpenter of W. H. Markham & Co., is chairman of the committee in charge.

### Olinger, Klinkenborg to Speak

Paul Olinger, state agent of Connecticut Fire, and J. H. Klinkenborg, state agent of Phoenix of Hartford, will speak

### Cincinnati Patriarch Has Policy on Books 60 Years

CINCINNATI—When William J. Franke started in the insurance business 60 years ago he wrote a fire policy on a dwelling which he has continuously rewritten since, although the property has changed hands four times. So the same policy on the same risk, written in the same agency by the same solicitor, is still in effect. Now 75, Mr. Franke is as active in his fire and casualty business. He has over 1,000 clients whom he services regularly. When he started writing insurance, fire was practically the only coverage. Later windstorm and then the many modern coverages were added to his agency line.

He has been connected with the West Shell agency for his entire career starting in 1884. In that time he has been associated with four generations of the Shell family. He recalls as outstanding event the adoption of the Dean schedule method of rating.

Five rates before 1900 were from 5% to as high as 10% of the face amount of the policy. Five thousand dollars was a large line for any company to accept. Insurance facilities were limited. When an agent took a new company, he could go to several larger risks and be almost certain that his company would accept. Department stores and other risks could not get anywhere near the insurance they needed even at the high rates prevailing in those times.

at a meeting Sept. 21 of the Southwestern Minnesota Agents Regional Association at Worthington. Mr. Klinkenborg will discuss "Sales Opportunities."

### Simpson Mishawaka Speaker

R. M. Simpson, manager of the marine department of Underwriters Adjusting, Chicago, will address the South Bend-Mishawaka (Ind.) Insurance Exchange Sept. 21 on "The Adjustment of Losses Under Marine Policies." The meeting will be preceded by a dinner.

### Cats Meow Initiates

ST. LOUIS—The St. Louis court of Cats Meow initiated 10 candidates at a dinner meeting. R. W. Sells of W. H. Markham & Co., most wise and powerful meow, presided. There was an attendance of 60.

### Olson Heads Range Association

Henry Olson of Virginia, Minn., has been elected president of the Range Association of Insurance Underwriters, Minnesota regional group.

### NEWS BRIEFS

Lester E. Raatz, Sheboygan, Wis., for two years in active duty with the marine corps, has been granted an honorable discharge and will again become active in the Brinkman, Heronymus, Pauly & Raatz agency.

T. S. Higgins, local agent, Lansing Mich., has been named executive secretary of the Ingham County Council on Veterans Affairs.

The Insurance Women of Akron, O., elected Mrs. David B. Jones, president; Mrs. H. M. White, 1st vice-president; Miss Katherine Klein, 2nd vice-president; Miss Vera Ludwick, recording secretary; Miss Mary Charmonte, corresponding secretary, and Mrs. E. J. Dunbar, treasurer.

At the opening fall meeting of the Wichita Association of Insurance Women it was announced that a course on boiler and machinery directed by A. C. Ambrosia of Wheeler, Kelly, Hagny, had been started, and course on fire insurance and allied lines starts Oct. 9 under the leadership of L. T. Stubbs, Central States Fire.

## EASTERN STATES ACTIVITIES

### W. Va. Agents' Program Ready

The program is now completed for the 45th annual convention of the West Virginia Association of Insurance Agents at the Pritchard hotel, Huntington, Sept. 25. The meeting opens with a session of the nominating committee, followed by the report of President Ray Evans, Bluefield; a discussion of membership led by C. T. McHenry, secretary; a discussion of state and national legislation by Congressman Hubert S. Ellis of Huntington, former secretary of the association, and then a meeting of the executive committee.

At luncheon Guy T. Warfield, Baltimore, member of the National Association executive committee, will be the guest speaker. There will be a discussion and vote on amendments to by-laws, and a discussion of the public relations program by F. R. Bell, Charleston.

### New Dwelling Form In New England

BOSTON—The new dwelling and contents forms have been adopted by the New England Fire Insurance Rating Association as of Sept. 1. They apply to both protected and unprotected property in the dwelling class, except farm property. The forms follow those approved last spring by the Insurance Executives Association for nation-wide use, with a slightly different edition for Vermont, where the 1943 New York fire policy is used.

The rate reduction on dwelling risks in Connecticut, announced last week, includes farm dwellings under hydrant protection and at least 50 feet from any farm building and those not under protection which have at least 75 feet clearance. The reduction is retroactive to Sept. 1, but policies in effect prior to that date will not be subject to pro rata cancellation or rebate.

### New Hampshire Agents Schedule Annual Meeting

E. C. Stone, head of the Employers Liability group, and John North, vice-president of Phoenix of Hartford, will be the main speakers at the annual meeting of the New Hampshire Insurance Agents Association in Manchester Oct. 26.

On the occasion of its 75th anniversary observance, New Hampshire Fire will be host to association members, the Mountain Field Club and the Women's League at a buffet luncheon at noon.

In the morning the association and the Insurance Women's League will hold their respective meetings, and following the New Hampshire Fire luncheon the speaking program will be held in the Carpenter hotel.

### Vermont Agents Meet at Burlington Sept. 28

The fall meeting of the Vermont Association of Insurance Agents is to be held at the Hotel Vermont, Burlington, Sept. 28. Speakers will be heard on the new broadened dwelling form and how best to meet the competition of finance companies. Commissioner Carroll of Rhode Island will be the principal speaker at the evening meeting.

### Circus Fire Study Progresses

HARTFORD—Ten weeks after the circus fire which was the worst civilian disaster in this country since Pearl Harbor, the board of inquiry appointed by Mayor Mortensen to investigate the performance of city officials before and during the fire was understood last week to

have concluded the first phase of its probe. The board, headed by Judge Solomon Eisner, and including President George C. Long, Jr., of Phoenix of Hartford; President W. Ross McCain of Aetna Fire and Walter S. Paine, manager of Aetna Life's engineering and inspecting department meets weekly.

It is understood that the board is now nearing the end of the preliminary work of investigation into the city's responsi-

bility, if any, for the disaster, and that it is about to conclude its interviews with the various city officials concerned.

### Joins Baltimore Agency

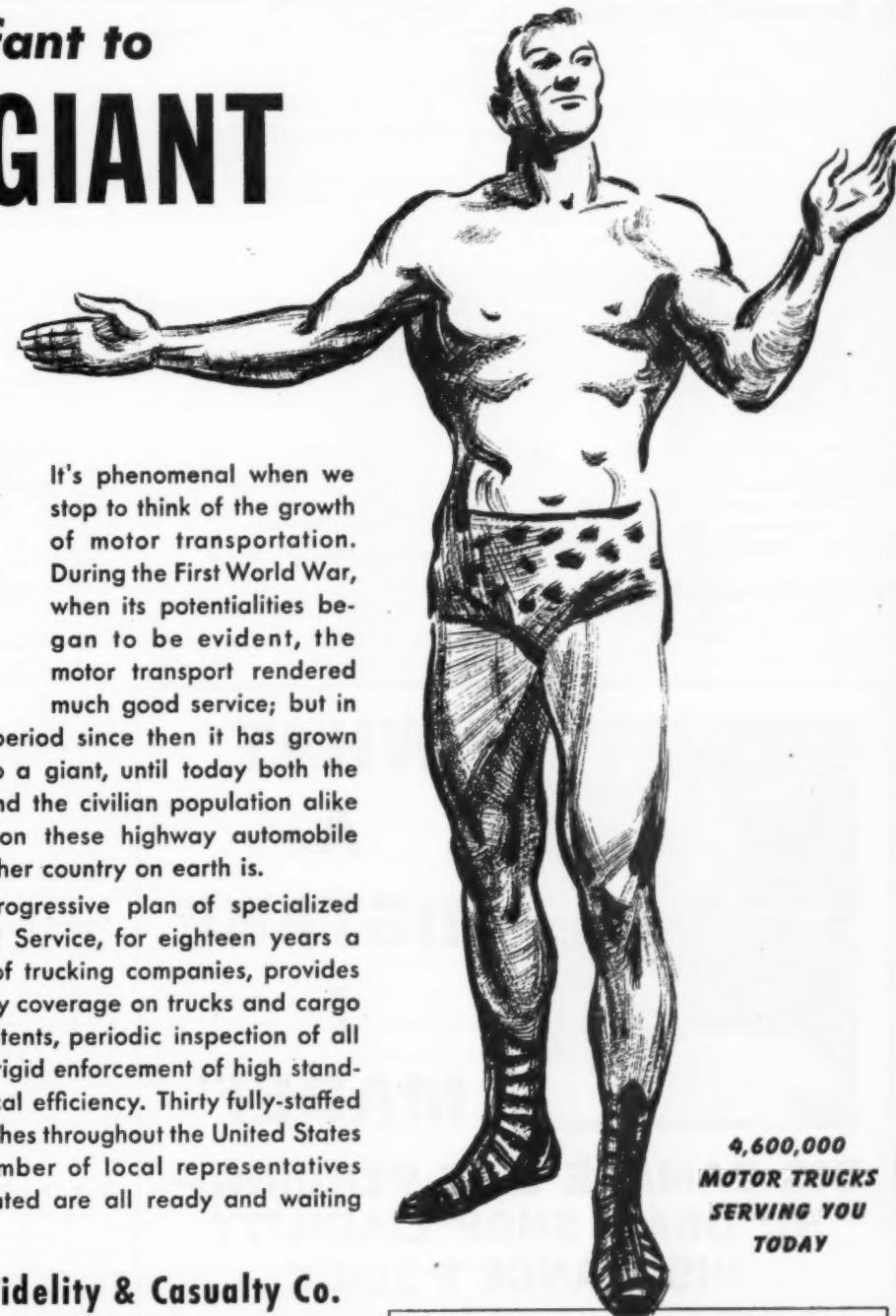
Frank Shramek will be associated with Kroh & Miller of Baltimore as vice-president and secretary. Mr. Shramek is resigning from Pennsylvania Casualty, having organized its burglary and plate glass departments and serving in other capacities. He was for more than 25 years with New Amsterdam Casualty. He started in its fidelity department and was later transferred to

the burglary and glass division. Then he became identified with its Maryland department and served as resident manager. Kroh & Miller are in the Stock Exchange building at Baltimore, being continuously in business for 53 years.

### D. C. Rating Bureau Meetings

WASHINGTON—The D. C. Fire Rating Bureau executive committee held its first meeting Sept. 18 and received and discussed reports from its subcommittees on handbook, schedules and forms. These were stated by Chairman Payne of the bureau governing commit-

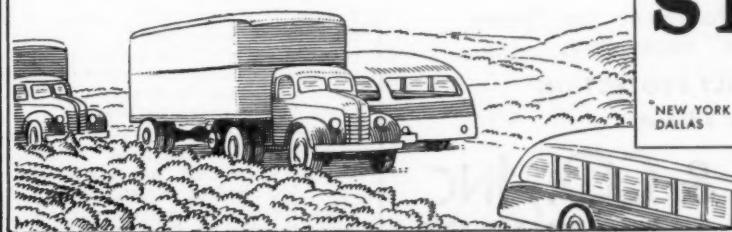
## from Infant to GIANT



It's phenomenal when we stop to think of the growth of motor transportation. During the First World War, when its potentialities began to be evident, the motor transport rendered much good service; but in the intervening period since then it has grown from an infant to a giant, until today both the military forces and the civilian population alike are dependent on these highway automobile vehicles as no other country on earth is.

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tee to be ready for filing with the superintendent of insurance for approval. There was discussion of the rules of the D. C. Underwriters Association, which it was decided to file with the superintendent. Discussion concerned whether rules and forms should be changed, and some amendments were reported decided upon.

Sept. 21 was set for a joint meeting

of the executive and governing committees to discuss physical organization of the bureau, the acquisition of office space, authorization to employ people to do the rating bureau work, etc.

The **Wheeling Association of Insurance Women** held the first of its fall meetings with D. S. Butler, National Fire as the speaker on "The History of Insurance."

## IN THE SOUTHERN STATES

### Insurance Men Join Fight on Southern Cooperatives

MEMPHIS—All state and local stock insurance organizations, as well as prominent local agents and company representatives, are pledged to aid in the fight against the proposed nine-state cooperative, advertised as the Southern Consolidated Cooperatives, Inc. At a meeting of more than 600 business and industrial leaders from the nine states involved, it was decided to consolidate the opposition in a branch office to be established by the National Tax Equality Association. Sam Carey, local agent, and Cecil Woods, president of Volunteer State Life, were named to represent insurance interests on a special regional committee.

Principal speaker at the meeting was Ben C. McCabe, president of the National Tax Equality Association, Chicago.

Denial that the Farm Security Administration is "sponsoring" this huge cooperative has come from A. D. Stewart, regional director of the Arkansas FSA, who claimed that FSA "aids" but does not "sponsor" such movements.

### Regional Meeting at Altus, Okla.

A regional meeting of the Oklahoma Association of Insurance Agents was held at Altus, with an attendance

of 30. As a result of special efforts put forth for this meeting, 22 new members were received. Dave McKown of Oklahoma City spoke on "Agency Management and Public Relations." The next regional meeting is scheduled for Dec. 8 at McAlester.

### San Antonio Agents Return

Two San Antonio agents, Maj. Walter S. Grothaus and Jack Bennett, who has been in the army insurance department, have been placed on the inactive list and are returning to the management of their agencies.

### Prevention Committee in Richmond

RICHMOND—Mayor Herbert has named a Fire Prevention Week committee with J. Davies Ewell, local agent, as chairman. The Insurance Exchange of Richmond is urging general cooperation.

**Harvey C. Alexander** has been made supervisor of the rate service of Davis, Bradford & Corson, Nashville.

The **Insurance Women's Club of Oklahoma City** opened its season with an attendance of 80 members and guests. Betty Mahan, chairman of the educational committee, announced the opening of a fire insurance school Oct. 2.

**C. K. Foote**, well-known Wichita local agent, former secretary and presi-

dent of the Kansas Association of Insurance Agents, who operates the Bitting & Foote agency, has moved from the Bitting building, where the agency has been domiciled since establishment, to 203 South Main street, where he will share offices with the Beezley, Webb & Outland agency.

## COAST

### Bronson Is Seattle V.-P. of Fred S. James & Co.

SEATTLE—Philip Bronson has resigned as vice-president of Marsh & McLennan in Seattle to become vice-president of Fred S. James & Co., which established a Seattle office earlier this year.

Mr. Bronson has been prominently identified with the business in the Northwest for 20 years, both as a company representative and in the brokerage field, specializing in handling large lines, principally lumber and logging accounts.

He entered insurance in 1924 with the old deVeuve-Burns Underwriting Company as inspector of lumber plants. Later he served in a similar capacity for the Lumbermen's Underwriting Alliance in the northwest. When General of Seattle expanded its operations, Mr. Bronson became associated with the company as special hazard engineer, later resigning to form his own agency and brokerage office, Bronson-Matthews Co. He operated the business for eight years and then joined Marsh & McLennan, subsequently becoming vice-president of its Washington corporation.

Robert R. Mallard, vice-president of Fred S. James & Co., established the Seattle office at 416 White building early this year.

### Colo. Agents Meeting at Colorado Springs Oct. 26-27

The annual meeting of the Colorado Association of Insurance Agents is to be held at the Broadmoor hotel, Colorado Springs, Oct. 26-27. This will be an educational meeting with open forum and panel discussions on various changes in policy forms. Also aviation and reporting form policies will be discussed.

F. W. Padgett of Colorado Springs is president. Frank England of Denver is secretary.

### Award Oregon Flax Cover

The Oregon state board of control has awarded fire insurance coverage on state-owned flax industry properties jointly to the Salem agency of Becke & Wadsworth and to the Oregon Association of Insurance Agents, the latter organization to have 40% of the line, which aggregates about \$250,000. The insurance expires Sept. 25 and was formerly controlled entirely by Becke & Wadsworth, with a premium of about \$13,000 annually.

### New Dwelling Form in Idaho

Insurance Director Cullimore of Idaho has announced through a bulletin issued by the Idaho Surveying & Rating Bureau the adoption of the new uniform dwelling forms, making them apply automatically to all policies in force Sept. 15. This action was recommended by the Idaho bureau Aug. 15, following similar action in Oregon. Washington has since taken the same action.

**Bryan F. Burge** has left the Hugh Edison, McCreevy & Co. agency in Seattle to go with Pope & Talbot, real estate firm, where he is establishing an insurance department. He was in the agency business in Kansas City for 16 years before going to Seattle.

**George MacTavish**, who has been with the Fire Companies Adjustment Bureau since 1928, has joined Nelson Gary, independent adjuster in Los Angeles. He was formerly manager of the bureau's office at Pendleton, Ore.

**Frank Hassett**, Inc., general agency

## MOTOR

### Los Angeles Auto Dealers Organize New Company

LOS ANGELES—Automotive Insurance Corporation, 714 West Olympic boulevard, Los Angeles, has been licensed by Commissioner Garrison to write automobile, liability and common carrier liability insurance.

The new company has paid in capital of \$150,000 and surplus of \$120,000. Authorized capital is \$500,000. Henry F. Haldeman is president; Burch W. Greene, vice-president; C. R. Savage, vice-president; F. E. Beal, secretary-treasurer, and E. Ross Wright, assistant secretary-treasurer. All the officers and all stockholders are members of automobile dealer firms handling large lines of second hand cars.

The company was formed to meet the demand for a market for automobile dealers to procure insurance on their stocks of cars. Under the agreement entered into by insurance carriers writing automobile insurance and a ruling by former Commissioner Caminetti in 1941, automobile dealers found the market greatly restricted, and with companies making wholesale cancellations of policies, the market became practically non-existent.

Since West American cancelled all its outstanding automobile risks and all its dealer agency contracts, the dealers have been unable to secure coverage under a sales lot open stock policy and have been begging for coverage.

### Complaints on Used Car Ceilings; Hearings Are Set

WASHINGTON—A Senate small business subcommittee, headed by Wherry of Nebraska, will hold a hearing on used automobile price ceilings at Omaha Sept. 22, and later at Kansas City, probably on Sept. 25. Chevrolet dealers have charged that the OPA ceilings on used cars are unfair and discriminatory. OPA is expected to work out a satisfactory adjustment soon. It is said that OPA put Plymouth cars at the top among the three light cars, which was considered inequitable by Chevrolet dealers because that car is rated highest in the midwest and brings \$50 to \$100 more than the Plymouth or Ford on the black market. The OPA adjustment, it is said, would put Chevrolet at the top, Plymouth third and leave Ford second in price.

The committee is concerned, however, with the broader aspects of the used car situation, especially with complaints that present OPA ceilings encourage a black market that threatens to absorb much of the business now in the hands of legitimate dealers.

of Reno, Nev., has opened offices in San Francisco. It also maintains offices in Salt Lake City.

**Ralph Williams**, for many years chief of the Fresno fire department and more recently with the National Board in Los Angeles as special agent in the arson department, has resigned to become senior deputy in the California state fire marshal's office in San Francisco.

**Alton P. Stich**, superintendent of agencies of Springfield F. & M., Los Angeles, spoke before the Montebello Rotary Club on the "Progress of Stock Insurance Companies."

**H. C. Outland**, partner in the Beezley, Webb & Outland agency, who has been in retirement in California since the first of the year, is returning to Wichita to resume active association with the agency.

The **Insurance Women of Pueblo** held a dinner meeting at which constitution and by-laws of the National Association of Insurance Women were read and ratified. A study of the rate sheet was conducted by Mrs. Ella Arthur, Mountain States Inspection Bureau.



# "WHAT A MISTAKE I MADE!"

## BIG DAMAGE SUIT PENDING— NO DRAM SHOP LIABILITY INSURANCE POLICY

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## IN THE CANADIAN FIELD

### Plans for Ontario Agents' Meeting Are Announced

TORONTO—The annual meeting of the Ontario Fire & Casualty Insurance Agents Association here on Oct. 4-6 will be purely of a business nature.

While activities will start late Oct. 4, sessions that day will be confined to executive and council meetings. The morning of Oct. 5, Fire Marshal Scott of Ontario will speak. David A. North, past president of the National Association of Insurance Agents, will be the luncheon speaker. In the afternoon the membership extension committee, headed by W. H. Shaver of Midland, will report the largest membership in the history of the organization. There will also be a report on agents' qualification. At a dinner in the evening, W. J. McCulloch, managing secretary of the Hamilton (Ont.) Chamber of Commerce, will speak.

On the closing day, Oct. 6, there will be a general discussion of resolutions and other business matters. Roy B. Whitehead, new superintendent of insurance of Ontario, will speak at the luncheon.

### Urge Canadian Marine Law

TORONTO—The Canadian Bar Association has gone on record favoring adoption in Canada of a marine insurance act similar to the one in effect in Great Britain. There is now no dominion law regulating this business. British Columbia, Nova Scotia and New Brunswick have marine insurance acts and the Quebec civil code covers the situation slightly.

Only the general laws of contract can prevail in the remaining provinces, members of the bar association state and, as a result, "it is at times extremely difficult for anyone to know exactly what is the law on marine insurance in these various provinces. Moreover, the

modern decisions cannot within any certainty be referred to unless it could be clearly demonstrated they are in accordance with the common law of England when it became the law of these various provinces."

### Farm Changes in West

WINNIPEG—The Western Canada Insurance Underwriters Association announces important changes in connection with farm business. New low rates become effective Oct. 1 and insurance will now be permitted up to full cash value. For the first time, also, farm business may be written in board companies under a divided premium payment plan. The farm wording has been revised and now gives broader protection than hitherto.

### Nova Scotia U. & O. Rulings

The Nova Scotia Board of Insurance Underwriters announced new ruling for use and occupancy on profits insurance. Three-year policies may now be written at  $2\frac{1}{2}$  times the annual rate, and period of indemnity clauses in U. & O. contracts are cancelled except where period is less than 12 months.

### Transfer Mackid to Montreal

America Fore has transferred Benton Mackid, for several years special agent at Winnipeg for Manitoba, Saskatchewan and Alberta, to the Canadian head office at Montreal. Frank Goodyer will replace Mr. Mackid at Winnipeg.

### Calgary Agents Elect

Jack Farish has been elected president of the Insurance Agents Association of Calgary, Alta. Vice-president is James Cleave.

The Manitoba Blue Goose held a very successful golf tournament and outing. Charles Heath, former Manitoba superintendent of insurance, had low net.

## Losses Still Can't Be Estimated

(CONTINUED FROM PAGE 5)

amounted to anything. Around Norfolk the wind reached a speed of 105 miles an hour and there was heavy damage in Norfolk, Virginia Beach and Ocean View.

The disaster committee of the National Board's committee on adjustments held a special meeting, and in consultation with members of the Eastern Loss Executives Conference, suggested to member companies a modification of the disaster plan for handling catastrophe losses because area affected extended some 700 miles along the coast. It was considered impracticable to establish enough supervisory offices to clear claims promptly because of the current manpower situation.

The committee suggested that all paid losses except automobile, all-risks, and inland marine, be reported to the National Board except in New York Board territory and property insured through the Factory Insurance Association. Cards were sent out for reporting losses. In the meantime the National Board is arranging for competent men to check the various localities, be of assistance in the adjustments and in the broad general problems that invariably arise in these catastrophes.

The committee believes that the terms of the policy should be adhered to in all cases, especially in respect to (a) awning losses unless liability is assumed therefor, (b) claims under sprinkler leakage policies resulting from rupture of the system when the roof or other structural parts of the building have been carried away or damaged by wind, and (c) damage attributable, in whole or in part, to flood, tidal wave, high water, or wind-driven water. It was also felt that with respect to particular prob-

lems members should handle each claim involving water damage with due consideration for the policy exclusions and with full regard for the circumstances surrounding the claim.

### Marine Losses Surveyed

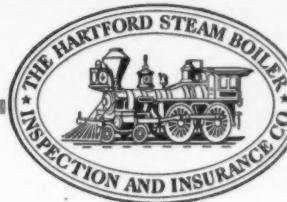
Marine losses will not approach those caused by the 1938 hurricane. One reason is that there was no tidal wave. While the north shore of Long Island was badly damaged, the south shore and Connecticut were not as severely hit. It is impossible to estimate the amount of damage at this date but most of the boats were small craft and there were few total losses.

There is fear that the extent of damage will be increased if this area should suffer another severe storm in the next two weeks because the majority of the boats that were stranded or thrown ashore have not been moved and will not be for some time. The manpower shortage has reduced the number of available workers. When the 1938 hurricane struck, men were looking for work but today a shipyard that formerly had 50 employees has only 10 and repair work will be slow and costly.

There will be considerable loss from pilferage as it is impossible to set watchmen over the boats and they are being rifled of everything removable.

Surveyors are having great difficulty in reaching all the boats because of transportation facilities and in some cases those who have cars are unable to use them because many of the gasoline stations on Long Island that have electrically operated gas pumps are unable to work them. Long Island was badly crippled in its electric power.

There will be some cargo losses be-



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cause a few piers were covered by water but it is not anticipated that these will amount to a substantial sum.

A few inland marine claims are coming in on fine arts policies and it is possible that these will amount to something but it is still too early to make a guess as to the total amount of damage caused by the storm.

In anticipation of the hurricane which struck the city last Thursday evening many insurance offices closed early to permit their employees who lived some distance away to reach their homes before the full force of the storm was felt. A few who were detained at their offices until later in the evening were obliged to spend the night in the city because of disrupted transportation facilities.

Up to noon Wednesday F.C.A.B. has received 4,500 claims for handling but it was still too early for any estimate of the probable aggregate insurance loss. The 4,500 figure does not include the Philadelphia office which handles the Atlantic City area. It is believed at least 1,000 claims will be reported to Philadelphia.

#### FHA RULES RELAXED

WASHINGTON—Federal Housing Administrator Abner Ferguson has announced that FHA aids in financing restoration or replacement of damaged or destroyed properties resulting from the recent hurricane are liberalized. He says that three-year loans may be obtained from lending institutions, which are insured by FHA, for repair and restoration of business and commercial structures, dwellings and farm houses.

Federal Reserve Board and WPB regulations are also relaxed.

Federal Reserve will allow three years for repayment of FHA-insured hur-

cane loans instead of one year allowed by its regulation W.

WPB will permit priorities to obtain materials for restoration and repair of buildings damaged or destroyed by hurricane. Heretofore building material priorities were reported limited to providing housing for migrant war workers.

It is announced applications for WPB priorities for repair materials should be made to FHA offices.

Rep. Auchincloss has introduced bill to appropriate \$20 million for expenditure by disaster loan corporation for relief and rehabilitation in New Jersey also damaged by the hurricane. The money would be available for grants to municipalities and other political subdivisions under conditions prescribed by the corporation directors.

#### REPORT FROM BOSTON

BOSTON—New England experienced its second hurricane in a decade the night of Sept. 14-15 with a loss estimated far below that of the 1938 blow. In Massachusetts the total damage has been conservatively estimated at \$35 million with the crux of the storm centering on the coastal city of New Bedford where some \$5 million damage was done. Fruit orchards, with pears, peaches and apples about ready to be harvested, suffered a damage estimated at \$2 million.

Losses in New Bedford and along Cape Cod included many small sea craft which were blown high on the beaches and numberless summer cottages along beach resorts which were demolished or tossed off their foundations and shifted about. In the Connecticut river valley there was a heavy loss on the tobacco crops.

Telephone communication with the southeastern part of New England was entirely disrupted for several days with

the result that detailed loss reports are unavailable.

The insurance losses can hardly be estimated. There was a great amount of broken plate glass in New Bedford and scattered claims throughout all of eastern Massachusetts. Fallen trees wrecked some homes. Marine lines were affected, although the warnings issued kept the greater part of the shipping in safe moorings.

The island of Martha's Vineyard claimed a loss mounting \$2 million greater than that experienced in 1938. Two men lost their lives by being swept overboard, 40 dwellings were completely wrecked, over 200 boats were sunk or wrecked, a \$100,000 shipbuilding plant was demolished, headlands and sea walls were washed away, a new \$80,000 dragger was blown out of the harbor and landed in the main street.

A wind ranging as high as 90 miles an hour accompanied a terrific rainstorm.

#### Summary of Findings

A special committee, headed by Gen. William J. Keville, appointed by the governor to make an investigation of the damage done to the Cape Cod section, has rendered a partial report after a week-end visit to the section. A summary of some of the findings is as follows:

Provincetown: Damage \$527,000. Thirty-two fishing drammers and other boats lost, damage \$300,000. School building, municipal building, town pier and town hall damaged.

Buzzards Bay: Damage \$75,000. Roofs of theater and of a defense plant blown off. Plate glass loss heavy.

Falmouth: A \$50,000 bath house destroyed, 200 cottages damaged and many more swept away.

Falmouth Heights: Damage, including Falmouth and Woods Hole, \$500,000. Several large buildings destroyed. 70 cottages knocked from foundations.

Martha's Vineyard: Steamship pier demolished; shipyard and many boats destroyed; hundreds of cottages demolished.

Dennis: Damage, \$500,000. Three bridges washed away. 400 cottages destroyed. Two church steeples toppled over into church edifice.

Fairhaven: Beach for 21 miles strewn

with household goods washed from cottages. All plate glass in town broken.

Nantucket: Loss \$100,000. Many small craft destroyed. Houses damaged by falling trees.

Harwich: Damage \$500,000. Two bridges washed away.

Wareham: Damage \$325,000. Many boats washed far up on shore. 52 cottages destroyed.

Osterville: Two bridges destroyed.

Woods Hole: Oceanographic research craft Atlantic, with valuable equipment aboard, washed up on beach. Many cottages destroyed and heavy glass loss, especially in Woods Hotel.

Dartmouth: Many boats lost. 28 cottages destroyed.

Hyannis: Two score cottages down. Many boats and boat houses demolished. Heavy plate glass loss in stores.

Yarmouth: Water 10 feet deep in town. Town filled with wreckage. No estimate can be made of damage.

Dighton: Damage \$35,000.

Chatham: Stag Club demolished. Eight yachts washed ashore. Bridge washed out. Two church steeples knocked down. Some 1,400 windows broken. Two yacht clubs wrecked.

Chilmark: Bridge washed out. Two fishing craft washed ashore, with loss of lives of two men killed. Several cottages washed or blown from foundations.

Coonamessett: Fort-five cottages knocked off foundations.

In all of the above towns electric light and telephone poles are down and there is no communication with the outside world by wire. Altogether some 600 cottages were destroyed. Main highways and town streets generally are largely impassable. In Provincetown martial law was declared and state police and soldiers from Camp Edwards have been placed in authority over several of the worse afflicted towns. The State Guard furnished 1,500 men for policing purposes and all traffic into the Cape Cod section, except emergency cases, was stopped over the week end. Red Cross units have been set up in most of the towns and are taking care of the homeless and rendering aid needed. Some looting has developed and state guard units have been active in bringing order.

The damage to fruit crops in the state is now estimated at well toward \$5 million. Help has been asked to aid in harvesting a windfall of some 2½ million bushels of apples, pears and peaches.

#### Newell Johnson to Speak at Ind. Agents' Meeting

Newell R. Johnson, Minnesota commissioner and president of the National Association of Insurance Commissioners, will be a speaker at the annual meeting of the Indiana Association of Insurance Agents in Indianapolis, Oct. 31-Nov. 1. Averell Broughton, advertising and public relations executive, who is handling the public relations program of the National Association of Insurance Agents, will report on the progress of that program.

William McGowan & Brosnan, Indianapolis, has been appointed general chairman by Herman C. Wolff, president of the state association. William C. Myers, Evansville, past president, is chairman of the program committee, and Howard J. Gesschleider, Hammond, vice-president, is to head the reception committee.

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